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STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0285

DAVE GOETZ
COMMISSIONER

TO: Department Heads and Fiscal Officers

FROM: M. D. Goetz, Jr., Commissioner
Department of Finance and Administration

John G. Morgan
Comptroller of the Treasury

SUBJECT: Procedures for Closing Fiscal Year 2006

DATE: May 9, 2006

The 2006 fiscal year is quickly coming to a close, and it is important that you are aware of several closing processes and procedures that will require your department's cooperative participation in order to be completed in an accurate and timely fashion. Please ensure that the responsible staff persons in your department or agency take the required action relative to each of the processes and procedures identified in the following paragraphs.

Annual Year-End Accounting Training: The annual year-end accounting training session will be held at the William R. Snodgrass Tennessee Tower on June 6, 2006. This session has been designed as an easy and convenient way for new and inexperienced staff to gain the hands on knowledge necessary to complete the year end tasks that will be given to them; and, for experienced staff and supervisors to refresh their memories relative to the basics of the year end process, and thereby become better able to answer questions and review the work of their staff. Please encourage attendance.

Year-End/Begin Schedule: A copy of the fiscal year 2006/2007 Year-End/Begin Schedule has been attached to this letter. This schedule should be carefully reviewed by yourself, and then distributed to all staff persons who will have a role in meeting one or more of the schedule due dates. **Please note that the first scheduled due date falls on May 30, 2006, so it is important that this schedule be reviewed and distributed without delay.**

Budgeted Allotment: Departments and agencies are cautioned not to incur obligations in excess of available funds. Analyze each allotment code to ensure that expenditures and encumbrances will be within the budgeted allotment. Reduce programs in all allotment codes to the extent that earned federal and departmental revenue are expected to be less than the amount allotted.

Warrants and journal vouchers will not be processed by the Division of Accounts against allotment codes that are in an overdraft status.

Reserve for Encumbrances: Each department/agency is required to review all current and prior year encumbrances and submit a list of those dated prior to April 1 that should be carried forward into fiscal year 2007. Justification will be required on all encumbrances dated prior to January 1, 2006. A listing of outstanding encumbrances will soon be forwarded by the Division of Accounts to assist with this effort.

In addition, all current and prior year encumbrances will be reviewed for propriety by the Divisions of Budget and Accounts, and those deemed inappropriate will be canceled. Requisitions will not be carried forward. The State Comptroller's Office also will examine departmental records to verify outstanding obligations.

The Division of Accounts will prepare a final report of encumbrances as of June 30. This report will list in detail all 2006 encumbrances to be carried forward into fiscal year 2007 as "Reserve for Encumbrances - Prior Year".

Account Changes: Requests for new account codes or changes in account codes for fiscal year 2007 must be in the Division of Budget no later than June 1, 2006. Please submit all requests to your budget analyst.

Cash Counts and Departmental Inventories: Departments/agencies will be notified of requirements by the Comptroller of the Treasury, Department of Audit, Division of State Audit.

General Fund Statutory Reserve Letters: General fund departments/agencies that have specific statutory authority to reserve unexpended funds as of June 30, 2006, are required to submit reserve letters to the Division of Accounts by September 29, 2006.

Late Processing: The Division of Accounts will make the final decision relative to the processing of documents submitted after scheduled cut off dates. Because any deadline missed has the potential of adversely impacting the remainder of the closing schedule, approval granted for late processing will be rare.

Changes from Prior Years: The most significant change in the fiscal year 2006 closing processes, as compared to prior years, is that the FFY 06 accrued liability document files, that are established through the processing of the year end G type batches, **will not** be rolled to the FFY 07 STARS Document File. **Instead, they will remain in the FFY 06 STARS Document File throughout the 2007 fiscal year.** The processing of all fiscal year 2007 effective payments against these accrued liability document files, regardless of whether they are made in July, 2006, or June, 2007, will be keyed using an FFY of "06".

Audited Financial Statements: The Division of Accounts and the Division of State Audit have set November 17, 2006 as the targeted completion date for the State's Comprehensive Annual Financial Report (CAFR). Therefore, all audited financial statements must be submitted to the Division of Accounts no later than October 31, 2006.

MDG/MJC/jmc

DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF ACCOUNTS
YEAR-END/BEGIN SCHEDULE - JUNE 30, 2006

YEAR-END ACCOUNTING MEETING		
June 6	Year-End Accounting Meeting	Accounts
GENERATE 2007 STARS TABLE RECORDS		
May 30	Final date to notify Richard Nicks of the Division of Accounts where Cost Centers should not roll	State Agencies
June 2	Generate Cost Center Table Entries	Accounts
June 5	Begin making additions or changes to FY 07 cost center table	State Agencies
CROSSWALK TABLE		
June 19	Allotment code and cost center changes due to Accounts for crosswalk purposes	Budget, State Agencies
June 22	Complete entry of crosswalk table	Accounts
June 23	Crosswalk report to agencies for verification	Accounts
June 29	Correction to Crosswalk due to Accounts	State Agencies
"Z" AND "H" CONTRACTS		
June 1	Begin entry of 2007 "Z" and "H" contracts to STARS	State Agencies
July 3	Change effective date and FFY and release for update to STARS (2007 "Z" and H" contracts entered in June)	Accounts
YEAR-END ROLLOVER		
June 30	Run STARS monthly/year-end rollover	Accounts
July 1	STARS ready for input of 2007 transactions	Accounts
CONTRACT/ENCUMBRANCE ANALYSIS AND DISBURSEMENTS		
June 16	Report of encumbrances prior to 4/1/06 to Agencies for Analysis	Accounts
June 26	Report of encumbrances prior to 4/1/06 to be returned to Accounts	State Agencies
June 30	TOPS Contract Changes posted to STARS for FY 06 contracts	General Services
June 30	Last day for TOPS to post 2006 PO's to STARS	General Services
July 10	Cutoff for entering Disbursements	State Agencies
July 11	Non-TOPS contracts and/or amendments due in Accounts against FY 06 contracts	State Agencies
July 11	Disbursement Vouchers due to Accounts	State Agencies
July 12	Work report of encumbrances prior to 4/1/06	Accounts
July 14	Non-TOPS Contract transactions released and updated to STARS	Accounts
July 14	Disbursements released and updated to STARS	Accounts

CONTRACT/ENCUMBRANCE ANALYSIS AND DISBURSEMENTS CONTINUED

July 17	Contract & Encumbrance analysis report to agencies	Accounts
July 24	Contract & Encumbrance analysis report to be returned to Accounts	State Agencies
July 27	Contract & Encumbrance report worked - complete crosswalk table and liquidate Encumbrances to be cancelled	Accounts
July 31	Roll Encumbrances less than \$1,000 to FFY 07	Accounts
July 31	Encumbrance conversion for funds 12, 13, and 84	Accounts
July 31	Contract & Encumbrance report worked - reduce balance multi-funded	Accounts
Aug 2	Contract conversion to FY 07	Accounts
Aug 18	Liquidate contracts with ending date of 6/30/06 and prior	Accounts
July 1	PURGE REQUISITIONS	Accounts
	WARRANT CANCELLATION AND REISSUES	
July 10	Cutoff for entry of warrant cancellations and reissues	State Agencies
July 11	Cutoff for Accounts receipt of cancellation and reissues from agencies	State Agencies
July 14	Warrant cancellations and reissues released and updated to STARS	Accounts
	DEPOSIT CERTIFICATIONS AND BATCH TYPE U	
July 11	Cutoff for entry of Deposit Certifications	State Agencies
July 12	Deposit Certifications due in Accounts	State Agencies
July 14	Deposit Certifications released and updated to STARS	Accounts
	JOURNAL VOUCHERS	
	Contract Journal Vouchers	
July 25	Cutoff for entering JV's against contracts	State Agencies
July 26	Cutoff for Accounts receipt of JV's against contracts	State Agencies
July 28	Contract JV's released and updated to STARS	Accounts
	Sales Tax Payment Journal Vouchers	
July 3	Cutoff for entry of debit side of journal vouchers paying sales tax to the Department of Revenue	State Agencies
July 5	Cutoff for receipt of sales tax JV's by the Department of Revenue (noon)	State Agencies
July 12	Cutoff for receipt of sales tax JV's by Accounts	Dept. of Revenue
July 14	Sales tax JV's released and updated to STARS	Accounts

JOURNAL VOUCHERS CONTINUED

Front-End Billed Journal Vouchers

July 12	Cutoff for entry of front-end JV's into STARS	State Agencies
July 13	Cutoff for receipt of front-end JV's by Accounts	State Agencies
July 14	Front-End JV's to be released and updated to STARS	Accounts

Accrued Liability Journal Vouchers

July 24	Cutoff for receipt by Accounts of accrued liability JV's	State Agencies
July 27	Accrued liability JV's released and posted	Accounts

Encumbrance Journal Vouchers

July 11	Cutoff for entering JV's against encumbrances	State Agencies
July 12	Cutoff Accounts for receipt of JV's against encumbrances	State Agencies
July 14	Encumbrance JV's released and updated to STARS	Accounts

Other Journal Vouchers

Aug 8	Cutoff for entry of credit side of miscellaneous J type JV's between departments	State Agencies
Aug 10	Cutoff for entry of debit side of miscellaneous J type JV's between departments	State Agencies
Aug 11	Miscellaneous J type JV's between departments due in Accounts	State Agencies
Aug 14	Miscellaneous J type JV's between departments updated	Accounts

Treasury Interest Journal Vouchers

Aug 14	Cutoff for entry of credit side of Treasury interest JV's	State Agencies
Aug 15	Cutoff for receipt of Treasury Interest JV's by Treasurer's Office	State Agencies
Aug 16	Cutoff for receipt of Treasury Interest JV's by Accounts	Treasury
Aug 18	Treasury Interest JV's released and updated to STARS	Accounts

Reallocation Journal Vouchers

Aug 29	Cutoff for entry of reallocation JV's	State Agencies
Aug 30	Cutoff for Accounts receipt of reallocation JV's	State Agencies
Sept 1	Reallocation JV's released and updated to STARS	Accounts

Accounts Receivable Journal Vouchers Against Accrued Liabilities

Aug 3	Cutoff for entry of accounts receivable JV's against accrued liabilities	State Agencies
Aug 4	Cutoff for receipt by Accounts of accounts receivable JV's against accrued liabilities	State Agencies
Aug 9	Accounts receivable against accrued liabilities released and updated to STARS	Accounts

JOURNAL VOUCHERS CONTINUED

Accounts Receivable Journal Vouchers Not Against Accrued Liabilities

Aug 25	Cutoff for entry of accounts receivable JV's not against accrued liabilities	State Agencies
Aug 29	Cutoff for receipt by Accounts of accounts receivable JV's not against accrued liabilities	State Agencies
Aug 31	Accounts receivable JV's not against accrued liabilities released and updated to STARS	Accounts

BALANCING GL ACCOUNTS

Sept 13	Monthly Subsidiary General Ledger Account Reconciliation Worksheets for June 2006 due in Accounts	State Agencies
Sept 13	Year-End Validation of Subsidiary General Ledger Accounts Balances for GL 0250 and GL 0234 forms due in Accounts	State Agencies

JOURNAL ENTRIES

June 1	Cutoff for Accounts receipt of Journal Entry request for items processed prior to April	State Agencies
July 5	Cutoff for Accounts receipt of Journal Entry request for items processed in May	State Agencies
July 14	May 31 and prior JE transactions updated	Accounts
July 14	Cutoff for Accounts receipt of Journal Entry request for items with a June effective date affecting the document file (i.e., contracts or encumbrances)	State Agencies
July 21	JE's referencing contracts or encumbrances updated	Accounts
Aug 28	Cutoff for Accounts receipt of Journal Entry requests for FY 06	State Agencies
Sept 1	Final FY 06 Journal Entry transactions released and updated to STARS	Accounts

STARS CLOSING

July 15	Generate first preliminary report	Accounts
July 29	Generate second preliminary report	Accounts
Aug 19	Generate third preliminary report	Accounts
Sept 2	Generate fourth preliminary report	Accounts
Sept 5	Begin issuing daily closing reports to Budget	Accounts
Sept 19	Cutoff for budget revisions (all allotments in balance)	Budget

CAFR

Sept 18	Begin CAFR process	Accounts
Sept 18	Schedule of Expenditures of Federal Awards due to Accounts	State Agencies
Sept 29	General Fund Statutory Reserve Letters due to Accounts	State Agencies

DEPARTMENT OF FINANCE AND ADMINISTRATION

DIVISION OF ACCOUNTS

YEAR-END/BEGIN SCHEDULE - JUNE 30, 2006 (sorted by date)

May 30	Final date to notify Richard Nicks of the Division of Accounts where Cost Centers should not roll	State Agencies
June 1	Begin entry of 2007 "Z" and "H" contracts to STARS	State Agencies
June 1	Cutoff for Accounts receipt of Journal Entry request for items processed prior to April	State Agencies
June 2	Generate Cost Center Table Entries	Accounts
June 5	Begin making additions or changes to FY 07 cost center table	State Agencies
June 6	Year-End Accounting Meeting	Accounts
June 16	Report of encumbrances prior to 4/1/06 to Agencies for Analysis	Accounts
June 19	Allotment code and cost center changes due to Accounts for crosswalk purposes	Budget, State Agencies
June 22	Complete entry of crosswalk table	Accounts
June 23	Crosswalk report to agencies for verification	Accounts
June 26	Report of encumbrances prior to 4/1/06 to be returned to Accounts	State Agencies
June 29	Correction to Crosswalk due to Accounts	State Agencies
June 30	TOPS Contract Changes posted to STARS for FY 06 contracts	General Services
June 30	Last day for TOPS to post 2006 PO's to STARS	General Services
June 30	Run STARS monthly/year-end rollover	Accounts
July 1	STARS ready for input of 2007 transactions	Accounts
July 1	Purge Requisitions	Accounts
July 3	Change effective date and FFY and release for update to STARS (2007 "Z" and H" contracts entered in June)	Accounts
July 3	Cutoff for entry of debit side of journal vouchers paying sales tax to the Department of Revenue	State Agencies
July 5	Cutoff for receipt of sales tax JV's by the Department of Revenue (noon)	State Agencies
July 5	Cutoff for Accounts receipt of Journal Entry request for items processed in May	State Agencies
July 10	Cutoff for entering Disbursements	State Agencies
July 10	Cutoff for entry of warrant cancellations and reissues	State Agencies

DEPARTMENT OF FINANCE AND ADMINISTRATION

DIVISION OF ACCOUNTS

YEAR-END/BEGIN SCHEDULE - JUNE 30, 2006 (sorted by date)

July 11	Cutoff for Accounts receipt of cancellation and reissues from agencies	State Agencies
July 11	Non-TOPS contracts and/or amendments due in Accounts against FY 06 contracts	State Agencies
July 11	Disbursement Vouchers due to Accounts	State Agencies
July 11	Cutoff for entry of Deposit Certifications	State Agencies
July 11	Cutoff for entering JV's against encumbrances	State Agencies
July 12	Cutoff Accounts for receipt of JV's against encumbrances	State Agencies
July 12	Deposit Certifications due in Accounts	State Agencies
July 12	Work report of encumbrances prior to 4/1/06	Accounts
July 12	Cutoff for receipt of sales tax JV's by Accounts	Dept. of Revenue
July 12	Cutoff for entry of front-end JV's into STARS	State Agencies
July 13	Cutoff for receipt of front-end JV's by Accounts	State Agencies
July 14	Front-End JV's to be released and updated to STARS	Accounts
July 14	Sales tax JV's released and updated to STARS	Accounts
July 14	Non-TOPS Contract transactions released and updated to STARS	Accounts
July 14	Disbursements released and updated to STARS	Accounts
July 14	Warrant cancellations and reissues released and updated to STARS	Accounts
July 14	Deposit Certifications released and updated to STARS	Accounts
July 14	Encumbrance JV's released and updated to STARS	Accounts
July 14	May 31 and prior JE transactions updated	Accounts
July 14	Cutoff for Accounts receipt of Journal Entry request for items with a June effective date affecting the document file (i.e., contracts or encumbrances)	State Agencies
July 15	Generate first preliminary report	Accounts
July 17	Contract & Encumbrance analysis report to agencies	Accounts
July 21	JE's referencing contracts or encumbrances updated	Accounts
July 24	Contract & Encumbrance analysis report to be returned to Accounts	State Agencies
July 24	Cutoff for receipt by Accounts of accrued liability JV's	State Agencies
July 25	Cutoff for entering JV's against contracts	State Agencies
July 26	Cutoff for Accounts receipt of JV's against contracts	State Agencies

DEPARTMENT OF FINANCE AND ADMINISTRATION

DIVISION OF ACCOUNTS

YEAR-END/BEGIN SCHEDULE - JUNE 30, 2006 (sorted by date)

July 27	Contract & Encumbrance report worked - complete crosswalk table and liquidate Encumbrances to be cancelled	Accounts
July 27	Accrued liability JV's released and posted	Accounts
July 28	Contract JV's released and updated to STARS	Accounts
July 29	Generate second preliminary report	Accounts
July 31	Roll Encumbrances less than \$1,000 to FFY 07	Accounts
July 31	Encumbrance conversion for funds 12, 13, and 84	Accounts
July 31	Contract & Encumbrance report worked - reduce balance multi-funded	Accounts
Aug 2	Contract conversion to FY 07	Accounts
Aug 3	Cutoff for entry of accounts receivable JV's against accrued liabilities	State Agencies
Aug 4	Cutoff for receipt by Accounts of accounts receivable JV's against accrued liabilities	State Agencies
Aug 8	Cutoff for entry of credit side of miscellaneous J type JV's between departments	State Agencies
Aug 9	Accounts receivable against accrued liabilities released and updated to STARS	Accounts
Aug 10	Cutoff for entry of debit side of miscellaneous J type JV's between departments	State Agencies
Aug 11	Miscellaneous J type JV's between departments due in Accounts	State Agencies
Aug 14	Miscellaneous J type JV's between departments updated	Accounts
Aug 14	Cutoff for entry of credit side of Treasury interest JV's	State Agencies
Aug 15	Cutoff for receipt of Treasury Interest JV's by Treasurer's Office	State Agencies
Aug 16	Cutoff for receipt of Treasury Interest JV's by Accounts	Treasury
Aug 18	Treasury Interest JV's released and updated to STARS	Accounts
Aug 18	Liquidate contracts with ending date of 6/30/06 and prior	Accounts
Aug 19	Generate third preliminary report	Accounts
Aug 25	Cutoff for entry of accounts receivable JV's not against accrued liabilities	State Agencies
Aug 28	Cutoff for Accounts receipt of Journal Entry requests for FY 06	State Agencies
Aug 29	Cutoff for receipt by Accounts of accounts receivable JV's not against accrued liabilities	State Agencies
Aug 29	Cutoff for entry of reallocation JV's	State Agencies

DEPARTMENT OF FINANCE AND ADMINISTRATION

DIVISION OF ACCOUNTS

YEAR-END/BEGIN SCHEDULE - JUNE 30, 2006 (sorted by date)

Aug 30	Cutoff for Accounts receipt of reallocation JV's	State Agencies
Aug 31	Accounts receivable JV's not against accrued liabilities released and updated to STARS	Accounts
Sept 1	Reallocation JV's released and updated to STARS	Accounts
Sept 1	Final FY 06 Journal Entry transactions released and updated to STARS	Accounts
Sept 2	Generate fourth preliminary report	Accounts
Sept 5	Begin issuing daily closing reports to Budget	Accounts
Sept 13	Monthly Subsidiary General Ledger Account Reconciliation Worksheets for June 2006 due in Accounts	State Agencies
Sept 13	Year-End Validation of Subsidiary General Ledger Accounts Balances for GL 0250 and GL 0234 forms due in Accounts	State Agencies
Sept 18	Begin CAFR process	Accounts
Sept 18	Schedule of Expenditures of Federal Awards due to Accounts	State Agencies
Sept 19	Cutoff for budget revisions (all allotments in balance)	Budget
Sept 29	General Fund Statutory Reserve Letters due to Accounts	State Agencies

**** QUICK REFERENCE PULL-OUT ****
STATE AGENCIES FINANCIAL DOCUMENT CUTOFF DATES SUMMARY
FISCAL YEAR 2006 CLOSING

Notify Division of Accounts where cost centers should not roll	30-May-06
Requests for new account codes or changes in account codes for FY 07 must be in the Division of Budget by	01-Jun-06
Additions/changes in FY 07 cost centers to be made in STARS by	19-Jun-06
Non-TOPS FY 06 contracts, and/or, amendments against FY 06 Contracts, due to the Division of Accounts by	11-Jul-06

The below listed FY 06 financial analyses/reports/requests are to be
returned to the Division of Accounts by the date indicated:

▪ Report of encumbrances dated prior to April 1, 2006	26-Jun-06
▪ Crosswalk table corrections	29-Jun-06
▪ Contract and encumbrance analysis report	24-Jul-06
▪ Letters for journal entries	28-Aug-06
▪ Monthly Subsidiary General Ledger Account Reconciliation Worksheets for June 2006	13-Sep-06
▪ Year-End Validation of Subsidiary General Ledger Account Balances for GL 0250 and GL 0234	13-Sep-06
▪ Schedules of Expenditures of Federal Awards	18-Sep-06
▪ General Fund Statutory Reserve Letters	29-Sep-06

The FINAL dates for ENTERING financial data into STARS for FY 06 are:

▪ Disbursement Vouchers	10-Jul-06
▪ Warrant cancellations and reissues	10-Jul-06
▪ Deposit certifications	11-Jul-06
▪ Journal Vouchers (JVs)	
➤ Sales tax payment JVs (debit side)	03-Jul-06
➤ JVs referencing encumbrances	11-Jul-06
➤ Front-end billed JVs	12-Jul-06
➤ JVs referencing contracts	25-Jul-06
➤ Accrued liability JVs	25-Jul-06
➤ Accounts receivable JVs against accrued liabilities	03-Aug-06
➤ JVs not referencing encumbrances or contracts	10-Aug-06
➤ Treasury interest JVs (credit side)	14-Aug-06
➤ Accounts receivable JVs not against accrued liabilities	25-Aug-06
➤ Reallocation JVs	29-Aug-06

**ANY DEADLINE MISSED AFFECTS THE REST OF THE SCHEDULE; THEREFORE, IT IS
IMPERATIVE THAT DEADLINES ARE MET!**

THE CROSSWALK TABLE

The Crosswalk Table is developed by the Division of Accounts in June and July of each year to aid in the handling of *some (not all)* of the old fiscal year/new fiscal year crossover issues which arise in connection with the Division of Budget approved fund and allotment code changes, and/or agency initiated cost center changes, being made effective with the start of the new fiscal year.

The primary phases of its development are outlined below:

- I. The Division of Budget and State Agencies are asked to submit changes in funds; allotment codes; and, cost centers, which are to be effective at the start of the new fiscal year (July 1) to the Division of Accounts in mid June.

Note: It is preferable that this information be submitted electronically (for the FY 06 to FY 07 crossover, send to Ellen Fellman at Ellen.Fellman@state.tn.us) in the following EXCEL spreadsheet format:

CURRENT YEAR				NEW YEAR			
DEPT	DIV	FUND	COST CENTER	DEPT	DIV	FUND	COST CENTER

- II. The Division of Accounts prepares a preliminary version of the Crosswalk Table, based on the notifications of changes received. This preliminary version is sent to State Agencies for review around the third week of June, and any needed changes and/or additions are to be submitted to the Division of Accounts during the last week in June.
- III. The Division of Accounts prepares a revised version of the Crosswalk Table, based on State Agency submitted changes and/or additions to the preliminary version. This revised version is used to identify the new fiscal year funds; allotment codes; and/or cost centers to be associated with the current year contract and encumbrance documents listed on the Contract and Encumbrance Analysis Report.
- IV. State Agencies are sent the Contract and Encumbrance Analysis Report for review in mid July. Among other things, they are to verify that listed documents are scheduled to be "crosswalked" correctly. (i.e. If a listed document will be "rolled" to the new FY, the new fund; allotment code; and/or cost center, to be associated with it, if any, is correctly shown on the report.) The document analysis report is to be returned to the Division of Accounts around the third week of July.

Crosswalk Table

Page 2

- V. The Division of Accounts completes, and adds document-specific information to, the Crosswalk Table based on State Agency submitted corrections to the Contract and Encumbrance Analysis Report.

The completed crosswalk is used for a number of different things, but its primary use is in the process of rolling the various components of the STARS Document File forward to the new fiscal year. In connection with this process, it is important to understand and remember that the Crosswalk Table changes are only applied to the various components of the STARS document file that are actually rolled forward to the new fiscal year (i.e. contract documents; encumbrance documents under \$1,000, etc.). The Crosswalk Table does not impact the portions of the STARS document file that are not rolled forward.

The following items need to be kept in mind when processing transactions involving crosswalk table changes:

1. If is necessary to process a payment in the new year against a liquidated contract or encumbrance balance, which is associated with an allotment code and/or cost center that was changed by the Crosswalk Table, a note describing the situation should be made on the batch slip that accompanies the DV being submitted to process the payment. This disclosure will help the Division of Accounts when attempting to verify the availability of the liquidated balance.
2. Fiscal year end accrued liabilities and accounts receivable that are associated with funds, departments, divisions, and/or cost centers that will be changed at the start of the new fiscal year, should be established on journal vouchers using the codes in effect throughout the fiscal year they relate to (or the old year codes). Payments made in the new fiscal year against these accrued liabilities, and the required July effective reversals of these accounts receivable, should be processed using the new year codes. Likewise the collection of these accounts receivable in the new year should be recorded under the new fund, department, division, and/or cost center.

Refer to Year-End/Begin Schedule for the time line and due dates associated with the crosswalk processes.

PURCHASE ORDER ENCUMBRANCES

- I. The State utilizes encumbrance accounting for budgetary control purposes for funds 11, 15, 20, 21, 25 and 31. This means in part that encumbrances (purchase orders) outstanding at year-end are reserved, and the budgetary authority for them is carried forward to the next year.

Encumbrances for this purpose do not include contract encumbrances or requisitions. The balances remaining on multi-year contracts at the close of the fiscal year are merely rolled forward for expenditure against the new year budget. In addition, multi-funded purchase orders and purchase orders with balances less than \$1,000.00 are not reserved at year-end, and these purchase orders, like multi-year contracts, are merely rolled forward for expenditure against the new year budget.

In an attempt to reserve only valid purchase order balances at the close of the year, two encumbrance analysis reports are sent to the agencies for their review.

- A. The first will be sent in mid-June and include the balances on current and prior year purchase orders dated prior to April 1, 2006. Agencies are to carefully review this report and appropriately denote (per provided instructions) any that should be carried forward. Justification should be available, and may be requested, for purchase orders dated prior to January 1, 2006 that are marked for carry forward.

Purchase orders not marked to be carried forward will be liquidated in mid-July. (These purchase orders are not being canceled with the vendor, but are merely being deleted from STARS. If it becomes necessary to process a payment against one of these purchase orders, it should be processed through TOPS and follow procedures as detailed in the Payment Issues section of this manual.)

Note: This first encumbrance analysis report is sent to agencies electronically (Excel via e-mail). Agencies should notify Ellen Fellman (Ellen.Fellman@state.tn.us) of contact name, contact e-mail address, and allotment codes for which they are responsible, on or before June 15, 2006.

- B. A second encumbrance analysis report will be sent in mid-July. This document analysis report will also include contracts and serves several purposes. Responsible agency staff are asked to carefully review and report and:
1. verify that the contract or purchase order encumbrance is scheduled to be crosswalked to the correct code (reference The Crosswalk Table section of this manual for additional information);

2. indicate on the report the purchase order encumbrances that are mutli-funded (i.e., not 100% funded by State appropriations of the allotment against which the encumbrance has been charged); and,
3. denote any purchase order encumbrances that should be canceled as of the close of the year (please note that contracts can not be canceled through the use of this report).

When reviewing the purchase order encumbrances included in this second report, please keep in mind that as a general rule purchase orders for future services (for example, temporary staffing or shredding) should be canceled in June and re-established in July. An exception to this is purchase orders for construction.

In summary, after the contract and encumbrance analysis reports have been worked, the following will occur during the year-end process in order to properly establish the year-end encumbrance reserve:

1. Encumbrances Under \$1,000 for All Funds

All encumbrances under \$1,000 for all funds will be re-established in the new year as a current year encumbrance (i.e., they will be rolled to FFY 07). Payments of these encumbrances will then be made using FFY 07.

2. Multi-funded Encumbrances for All Funds, and Encumbrances for Funds 12, 13 and 84

These encumbrances will be re-established in the new year as a current year encumbrance (i.e., they will be rolled to FFY 07). Payments of these encumbrances will be made using FFY 07.

3. Encumbrances for Funds 11, 15, 20, 21, 25 and 31

These encumbrances will be reserved at the close of FFY 06 and continue to reference the FFY of establishment in the new year (i.e., 06 or prior). These balances will not include amounts under \$1,000 or multi-funded encumbrances.

II. The following special procedures are applicable to Cook Chill encumbrances:

- A. Paying agencies should receive invoices for food delivered during the month of June in time to submit the payment DV's to Accounts by the July 11 deadline.
- B. FY 06 P.O.'s on the July encumbrance analysis report for Cook-Chill should be marked to be canceled.

- C. In order to establish encumbrances for the 2007, Fiscal Officers should, prior to July 1, 2006, send letters of request to:
Mr. Willie Bowie, Director of Food Services
TN Cook Chill Production Center
6404 Centennial Blvd.
Nashville, TN 37209

The letters should include the following information:

Request for 2007 food
Name of State Agency _____
Fund Number _____
Allotment Code _____
*Cost Center _____
Object 093
*Amount _____

*If multiple cost centers are used for an allotment code, the request letter should reflect the breakdowns.

The Division of Accounts will establish the encumbrances following its receipt of letters approved by the Director of Food Services. The encumbrance number will be FOOD-00.

PAYMENT ISSUES

I. VENDOR PROBLEMS RELATED TO W-9 CHANGES

If a problem is encountered in the payment process because the vendor number, on which the document is encumbered, has been inactivated, the following procedures should be followed:

- A. For TOPS contracts, call the Division of Purchasing, Department of General Services, and have the vendor number changed on the contract. Once this is done, call Cora Lee Daugherty (741-0520), in the Division of Accounts, with the new vendor number and the new document suffix number to be referenced for this payment.
- B. For non-TOPS contracts, contact Deborah Woodall in the Division of Accounts (1-6509) for instructions.
- C. For purchase order encumbrances, the Division of Accounts will, as a general rule, activate the involved vendors on a nightly basis to allow the payment to process. The following morning, these vendor numbers will be again inactivated so that no further orders can be encumbered in error.

II. LIQUIDATED ENCUMBRANCE (PURCHASE ORDER) PAYMENTS

Method of payment for liquidated Purchase Order encumbrances:

- A. Use T/C 100 and the current FFY.
- B. Enter the purchase order number in the reference document number field.
- C. Write "Liquidated Purchase Order" across the face of the invoice. Also, the associated batch slip should contain the notation "liquidated PO invoices enclosed".

STARS errors and/or warnings may be received upon entering the payment transactions because the referenced purchase orders have been purged or closed. Continue, however, per the instructions above and any errors concerning the reference document will be corrected in Accounts.

III. POLICY 6 PAYMENTS

Policy 6 provides guidance in those situations when it is necessary to process a late payment against a purged or closed contract, which had **sufficient** balance at the time of the purge or close to cover the late payment, but for which there was no accrual, or insufficient accrual, established. The invoice must be for goods or services received prior to the expiration of the contract.

Revised in March 2005, Policy 6 can be found in its entirety at <http://www.state.tn.us/finance/act/policy6.pdf>. In general, it requires the completion (including necessary approvals) of a 'Late Contract Payment Request' form prior to payment processing. (This form can be found as Appendix A to the Policy.)

The approvals required prior to the processing of a Policy 6 payment depend upon the amount of the payment:

- > For requests \$10,000 or less - Approval by the Department Head and agency budget officer.
- > For requests over \$10,000 but less than \$100,000 - In addition to approval by the Department Head and agency budget officer, approval of the Commissioner of Finance and Administration through the Budget Division.
- > For requests over \$100,000 - Approval by the Department Head, agency budget officer, Commissioner of Finance and Administration through the Budget Division, the Comptroller of the Treasury, and approval of all other State officials who approved the original contract.

Some contract situations may occur which are outside the scope of Policy 6. These situations include:

- A. Services have been rendered after the contract has ended.
- B. The Contract period has ended. However, the maximum liability of the contract has been exceeded, although services were rendered during the term of the contract.
- C. An agency wants to extend the term of a contract after the contract has ended.

- D. Goods were purchased without authority, and outside the scope of purchasing regulations.

Normally under these circumstances, a new contract, contract amendment or purchase authorization for the acquisition of the subject goods or services will be required. The Office of Contracts Review makes this determination for contracts based on the circumstances of each situation. If the situation involves a procurement of goods, then the department should contact the Department of General Services, Purchasing Division, for emergency purchasing procedures prior to payment.

IV. ACCRUED LIABILITIES

1. Payments against accrued liabilities should be processed directly in STARS even if the involved accrued liability was established against a TOPS purchase order. No accrued liability payments should be processed in TOPS. By doing so, the Department may improperly liquidate encumbered funds that should be available for future purchases.
2. Do not use the state payment card to make payments against accrued liabilities.
3. In some cases, prior year accrued liabilities have been overstated. If a multi-year contract is also involved and this causes the multi-year contract to be short on availability, a letter should be sent to the Division of Accounts requesting the following:
 - A. that the accrued liability be liquidated,
 - B. that the current year contract be increased, and
 - C. It should include the following information:
 1. original signature of the Fiscal Officer
 2. contract number
 3. detailed reason why the accrued liability was overstated
 4. funding (state %)
 5. accrued liability information - to include batch header and sequence number

For funds 11, 21 and 25, the Division of Accounts will record as revenue source 507 the state share of any accrued liability being liquidated. The Federal share of any accrued liability being liquidated will be recorded as source 812. For all other funds, the Division of Accounts will record the accrued liability liquidation as a reduction of current year expenditures.

V. TOPS ISSUES

1. Look at all purchase orders to determine if freight has been estimated and encumbered, **when required by shipping terms**. If additional funds need to be encumbered, process a new purchase order through the TOPS system following the same approval process that was required for the initial purchase order.
2. When dealing with contract release orders in areas such as copier services, be sure to over-estimate the number of copies you expect to run for the month of June so that payment can be made when the invoice is received. Look at all June orders for which you will not receive an invoice until July and determine if a sufficient amount has been encumbered.
3. If a contract balance is insufficient to pay any remaining outstanding invoices, request that a contract increase be processed by Purchasing.
4. All purchase orders entered into TOPS with FY 2006 funding must be set to print by 4:30 p.m., Friday, June 30, 2006.
5. Balances remaining at the close of the FY in multi-year agency contracts are not rolled forward to the new FY in TOPS. These balances are rolled forward in STARS to assist in any required new FY payment processing of contract release orders issued prior to June 30.

YEAR-END PAYMENT PROCESSING QUICK REFERENCE

PAYMENTS TO BE EFFECTIVE JUNE 30, 2006

Be careful to key the effective date in the disbursement batch header as 6-30-06. Be sure the June payment has a fiscal year of 06 in the FFY field.

PAYMENTS TO BE EFFECTIVE JULY 1, 2006 AND AFTER

First day transactions can be processed

	<u>DATE</u>	<u>FFY</u>
Direct payments (no document file reference)	July 1	07
Payments against:		
New 2007 contracts (TOPS and Non-TOPS)	July 1	07
New 2007 funding for multi-year contracts (TOPS and Non-TOPS)	July 1	07
New 2007 encumbered purchase orders	July 1	07
2006 A/L when recorded	July XX	06
2006 encumbrances with balances greater than \$1,000 (Funds 11, 15, 20, 21, 25 and 31)	August 2	FFY of original Encumbrance
2006 Funding for multi-year (TOPS and Non-TOPS) contracts rolled to 2007	August 4	07
2006 Encumbrances with balances less than \$1,000 rolled to 2007	August 2	07
2006 Encumbrances for Funds 12, 13 and 84 rolled to 2007	August 2	07
2006 Multi-funded encumbrances rolled to 2007	August 2	07

The rollover process executed in Accounts during the first week of August deserves close attention when making payments in the new 07 year. Agencies must wait until this process has been completed before processing certain payments. Failure to wait for the proper time will result in many unnecessary errors that must be corrected. Payments keyed prematurely and mixed with payments keyed correctly in the same batch may result in unnecessary delays in the processing of correctly submitted payments.

AFTER JULY 1, USE FFY 06 ONLY FOR THESE LIMITED SITUATIONS:

- * Payment of A/L
- * Prior year encumbrances for Funds 11, 15, 20, 21, 25 and 31
- * Repayment of temporary travel advance on DV or CD transaction
- * Collection of monies for TIS Accounts Receivables
- * Collections of employee overpayments

Accrued liability payments should use TC 475 and be entered directly to STARS. They should not be processed through TOPS.

During the year-end process, many encumbrances and contracts will be liquidated. Refer to separate sections of this manual describing the procedures to be followed when it is necessary to process a payment against a liquidated document.

ACCOUNTS RECEIVABLE

Accounts receivable for departmental revenue earned and refunds of expenditures due but not yet collected at 6/30/06 are normally recorded on A type batches for the following funds:

11 - General	31 - Capital Projects
12 - Internal Service	55 - Employee Group Insurance Fund
13 - Enterprise	56 - Teacher Group Insurance Fund
15 - Systems Development	58 - Local Government Health Fund
20 - Special Revenue	59 - Retiree Medicare Supplement Fund
21 - Highway	60 - TN Student Assistance
25 - Education Trust	84 - Facilities Revolving

When calculating the receivables to be recorded, consideration must be given to the following:

1. Receivables/payables between STARS on-line agencies will not be processed absent prior approval from the Division of Accounts. Such items should be settled on J-Type journal vouchers.
2. Funding for accrued liabilities from third party entities (i.e, federal government, etc.), should be recorded on an A type batch in an amount equal to the third party entity's agreed upon participation. In most cases, this will be 100% less the state funding percentage noted on the G type batch establishing the accrued liability.
3. Credit card receipts and Portal Premium Subscriber revenue should not be included in the journal vouchers prepared to record accounts receivable. The Division of Accounts will record the necessary accounts receivable, and FY 07 reversals for FY 06 credit card and Portal Premium Subscriber revenue monies that are deposited to the State's bank account after June 30.
4. Funding for accrued liabilities from other State agencies is the subject of a separate section of this manual.

The following procedures must be followed in recording receivables:

1. Accounts receivable journal vouchers will be processed in two phases:
 - a. Accounts receivable journal vouchers for accrued liabilities must be submitted to the Division of Accounts by August 4, 2006, and Accounts will release them by August 9 so they will be included in the third preliminary FY 06 reports run August 19.

- b. Accounts receivable journal vouchers for actual expenditures must be submitted to the Division of Accounts by August 29, 2006, and Accounts will release them by August 31 so they will be included in the fourth preliminary FY 06 reports run September 2.
2. For each accounts receivable journal voucher, complete either the standard schedule for accounts receivable for actual expenditures or the standard schedule for accounts receivable for accrued liabilities. If these schedules are filled out completely, no other support is necessary for the accounts receivable journal voucher. These forms may be reproduced in a word processing or spreadsheet application but must contain all necessary elements or they will be returned for re-work.
3. Entering the accounts receivable in STARS is a two-part process. A journal voucher must be set up to record the receivable with a June 30, 2006 effective date. At the same time, another journal voucher must be set up to reverse the accounts receivable with a FY 07 effective date. Generally speaking, the reversals should be exact opposites of the accrual. That is, they should be identical in every respect except for the transaction code. This allows the department to post all FY 07 receipts as ordinary revenue or reduction of expenditures without having to distinguish whether they arose from FY 06 or FY 07 events. If, however, programs are being moved between divisions, cost centers, etc., in FY 07, the reversal should be recorded in the same place where the cash is to be received. Be sure to indicate allotment code changes on the supporting schedule.
4. Accounts receivable are entered into STARS in A-Type batches. All accounts receivable for a single allotment should be entered in a single batch. Included in the following pages is a crosswalk of transaction codes, subsidiary accounts, and revenue source/object code indicators for the various types of receivables which may exist. In addition to the information called for in the crosswalk, be sure to use appropriate codes in any other mandatory fields as indicated by the transaction code decision table (i.e., fund, cost centers, etc.) and any desired optional fields (i.e., grants, agency revenue sources, etc.). Note also that the June 30, 2006 accrual should use a FFY of 06 while the reversal will use a FFY of 07.
5. Accounts receivable journal vouchers are to be printed on Department Reallocation Journal Voucher forms. Ensure that the same current document number is used consistently throughout the batch. If different current document numbers are used, STARS will print a separate JV page for each number. To ensure that the

entries on the accrual JV are printed on the debit side of the register, enter a "D" in the current document number suffix field. To ensure that the entries on the reversal JV are printed on the credit side of the register, enter a "C" in the current document number suffix field. Because the credit side of the accrual JV and the debit side of the reversal JV will not be used, STARS will print a message on the journal voucher registers indicating that the journal vouchers are out of balance. This warning can be ignored.

6. After the journal vouchers are keyed, use the STARS Journal Voucher Text Screen to print in the Comments of the accrual JV, "To establish accounts receivable at 6/30/06 per the attached forms." On the reversal JV's, print "To reverse accounts receivable established 6/30/06."
7. Each accounts receivable JV and its' reversal must be signed by the department head and budget officer or their designees and routed together to the Division of Accounts for processing. Note that the June 30, 2006 effective accounts receivable establishment JV's must have one of the schedules on the following two pages attached. No support is required for the reversal JV. In addition, a completed Accounts Receivable Checklist should be attached to each set of establishing and reversing accounts receivable journal vouchers. A copy of this checklist is included in this manual.

BATCH ID: BATCH DEPT. _____
BATCH DATE _____
BATCH NO. _____

** Use this column only when fiscal year 2007 reversals are being posted in different allotment codes from the fiscal year 2006 accrual.

[illegible]

Signed _____ (Budget/Fiscal Officer, or authorized designee on his/her behalf)

BATCH ID: BATCH DEPT. _____
BATCH DATE _____
BATCH NO. _____

[illegible]

Signed _____ (Budget/Fiscal Officer, or authorized designee on his/her behalf)

**ACCOUNTS RECEIVABLE
TRANSACTION CODE CROSSWALK**

<u>TYPE OF RECEIVABLE</u>	<u>ACCRUAL TC</u>	<u>REVERSAL TC</u>	<u>SUBSIDIARY ACCOUNT</u>	<u>REVENUE SOURCE</u>
Receivables From Counties	063	456	001	830
Receivables From Cities	063	456	001	850
Non-Governmental Revenue	063	456	004	860
Current Services Revenue	063	456	005	880
Due From Federal Government - Operating	453	458	001	801
Due From Federal Government - Capital	453	458	001	802
Reductions of Expenditures	592	597	060	(2)
Inter-Departmental Revenue from Primary Government Agencies (STARS On-Line Agencies)	064	050	028	890
Due From Tennessee Student Assistance Corporation	452	457	011	895
Due From Tennessee Housing Development Agency	452	457	020	895
Due From University of Tennessee	452	457	040	895
Due From Tennessee Education Lottery Corporation	452	457	045	895
Due From Board of Regents Schools	452	457	050	895
Due From Community Services Agencies	452	457	060	895
Due From Other Component Units (1)	452	457	070	895

Transaction Code Crosswalk

<u>TYPE OF RECEIVABLE</u>	<u>ACCRUAL TC</u>	<u>REVERSAL TC</u>	<u>SUBSIDIARY ACCOUNT</u>	<u>REVENUE SOURCE</u>
Reductions of Expenditures Due From:				
Tennessee Student Assistance Corp.	591	596	011	(2)
Tennessee Housing Dev. Authority	591	596	020	(2)
University of Tennessee	591	596	040	(2)
Tennessee Education Lottery Corp.	591	596	045	(2)
Board of Regents Schools	591	596	050	(2)
Community Services Agencies	591	596	060	(2)
Other Component Units (1)	591	596	070	(2)

(1) Other Component Units include:

Tennessee Certified Cotton Growers Organization
Tennessee Local Development Authority
Tennessee State Veterans' Home Board
Child Care Facilities Corporation
Tennessee State School Bond Authority

(2) Transaction Codes 591, 592, 596 and 597 require the use of an object code rather than a revenue source. The same object code should be used as was used when the expenditure being refunded was originally recorded.

ACCOUNTS RECEIVABLE CHECKLIST

1. ARE BOTH THE ACCOUNTS RECEIVABLE ESTABLISHMENT AND THE ACCOUNTS RECEIVABLE REVERSAL JOURNAL VOUCHERS SIGNED BY THE FISCAL OFFICER AND DEPARTMENT HEAD? YES _____
2. HAS A PROPERLY AND FULLY COMPLETED SCHEDULE OF ACCOUNTS RECEIVABLE FOR ACCRUED LIABILITIES, OR, SCHEDULE OF ACCOUNTS RECEIVABLE FOR ACTUAL EXPENDITURES, BEEN SIGNED BY THE BUDGET/FISCAL OFFICER, OR AN AUTHORIZED DESIGNEE ON HIS/HER BEHALF AND ATTACHED TO THE JUNE EFFECTIVE JOURNAL VOUCHER ESTABLISHING THE ACCOUNTS RECEIVABLE? YES _____
3. HAS A JULY OR AUGUST EFFECTIVE ACCOUNTS RECEIVABLE REVERSAL JOURNAL VOUCHER BEEN ATTACHED? YES _____
4. IS THE JULY OR AUGUST EFFECTIVE ACCOUNTS RECEIVABLE REVERSAL JOURNAL VOUCHER VIRTUALLY IDENTICAL TO THE JUNE EFFECTIVE JOURNAL VOUCHER ESTABLISHING THE ACCOUNTS RECEIVABLE, EXCEPT FOR THE TRANSACTION CODE AND SIDE OF THE JOURNAL VOUCHER ON WHICH IT IS ENTERED?
YES _____ NO _____
IF NO, HAS THE INVOLVED PROGRAM BEEN MOVED TO A DIFFERENT ALLOTMENT, COST CENTER, ETC FOR THE NEW FY, AND IF SO HAS THIS BEEN FULLY DISCLOSED ON THE SUPPORTING SCHEDULE?
YES _____
5. HAS EACH SEQUENCE OF THE JUNE EFFECTIVE JOURNAL VOUCHER ESTABLISHING THE ACCOUNTS RECEIVABLE BEEN KEYED USING FFY 06, AND THE SAME CURRENT DOCUMENT NUMBER WITH A "D" SUFFIX? YES _____
6. HAS EACH SEQUENCE OF THE JULY OR AUGUST EFFECTIVE JOURNAL VOUCHER REVERSING THE ACCOUNTS RECEIVABLE BEEN KEYED USING FFY 07, AND THE SAME CURRENT DOCUMENT NUMBER WITH A "C" SUFFIX? YES _____
7. ARE THE JOURNAL VOUCHERS RECORDING AND REVERSING RECEIVABLE TRANSACTIONS OF A SINGLE ALLOTMENT? YES _____
8. HAVE THE TRANSACTION CODES, SUBSIDIARY ACCOUNTS AND REVENUE SOURCE CODES USED ON THE JOURNAL VOUCHERS BEEN DOUBLE CHECKED AGAINST THE ACCOUNTS RECEIVABLE TRANSACTION CODE CROSSWALK? YES _____
9. IF THE ACCOUNTS RECEIVABLE IS BEING ESTABLISHED AGAINST AN ACCRUED LIABILITY, IS IT EQUAL TO THE ACCRUED LIABILITY, MULTIPLIED BY THE DIFFERENCE BETWEEN 100.0% AND THE STATE FUNDING PERCENTAGE NOTED ON THE ACCRUED LAIBILITY JOURNAL VOUCHER?
YES _____ NO _____
IF NO, HAS AN EXPLANATORY NOTE HAS BEEN MADE ON THE SCHEDULE OF ACCOUNTS RECEIVABLE FOR ACCRUED LIABILITIES? YES _____
10. ARE CREDIT CARD TRANSACTIONS INCLUDED IN THE JOURNAL VOUCHERS? NO _____
11. HAS THE STATEMENT "TO ESTABLISH ACCOUNTS RECEIVABLE AT 6/30/06" BEEN INCLUDED IN THE COMMENTS SECTION OF THE JOURNAL VOUCHER ESTABLISHING THE ACCOUNTS RECEIVABLE? YES _____
12. HAS THE STATEMENT "TO REVERSE ACCOUNTS RECEIVABLE ESTABLISHED 6/30/06" BEEN INCLUDED IN THE COMMENTS SECTION OF THE REVERSAL JOURNAL VOUCHER? YES _____
13. ARE ANY OF THE RECEIVABLES DUE FROM STATE DEPARTMENTS OR AGENCIES?
YES _____ NO _____
IF YES, HAS A SEPARATE MEMO OF EXPLANATION HAS BEEN ATTACHED TO THE SUPPORTING SCHEDULE?
YES _____

CONTACT PERSON _____

TELEPHONE # _____

ACCRUED LIABILITIES

1. FUND INFORMATION

Accrued liabilities are normally established for the following funds on G type batches:

11 - General	47 - Employee Flexible Benefits Fund
12 - Internal Service	50 - Pension Trust Fund
13 - Enterprise	55 - Employee Group Insurance Fund
15 - System Development Fund	56 - Teacher Group Insurance Fund
20 - Special Revenue	58 - Local Government Health Fund
21 - Highway	59 - Retiree Medicare Supplement Fund
25 - Education Trust Fund	84 - Facilities Revolving Fund

2. DEFINITION

Payables for goods or services that have been received before July 1, 2006, but an invoice was not in hand in time to pay before cutoff, should be treated as accrued liabilities.

3. CRITERIA

The following criteria must be followed when establishing accrued liabilities:

- A. No accruals are allowed for travel or utilities. (Objects 03 or 05)
- B. No accrual should be made for credit card processing fees. Accounts will record the necessary June 30, 2006 accrued liability for the credit card processing fees related to June 2006 activity.
- C. If accruals are for major object code 16 or object 099 items, the POST Tag Number(s), as well as a screen print of the POST transaction 920 screen, must accompany the journal voucher as part of the support.
- D. The amount of the accrued liability must be the **actual cost** of the item or the best possible estimate available. **Agencies that accrue incorrect amounts for accrued liabilities may be subject to audit findings.** If necessary, contact the vendors to obtain accurate accrual amounts.
- E. Accrued liabilities may not exceed available contract balances. Contract amendments should be obtained for any liabilities that exceed the balance.
- F. Accrued liabilities against purchase orders may exceed the P.O. by 10% only. Any amounts in excess of the 10% will require a purchase order increase approved by the Division of Purchasing.

- G. Accrued liabilities will not be established between state agencies (with the exception of colleges or universities). Any liabilities between state agencies should be resolved by regular journal vouchers prior to the cutoff.
- H. Any liabilities incurred for procurements by means other than a contract or purchase order should also be established as accrued liabilities.
- I. Accrued liabilities are required to be established for any amounts in excess of \$5,000.00. Agencies may establish accrued liabilities for items less than \$5,000.00. The \$5,000.00 amount is determined by allotment code and document level (encumbrance or contract). If no document exists then the dollar value should be determined at the program level.

4. **ACCRUED LIABILITIES - TYPES AND STARS ENTRIES**

- A. **Accrued Liabilities against Contract Encumbrances (general ledger 0450 documents)**
Contract encumbrances are contracts that contain a specific vendor (Ex., FA, ID, GU, TOPS Agency contracts, etc.).

Debit Entry T/C 450

Credit Entry T/C 465

The reference document is the contract number and suffix. The debit entries must match an existing contract and suffix on the document file. The credit entries should use the contract number as the reference document number but they must be unique suffixes for each entry against the same nine digit contract number (i.e., increment the suffix by one on your credit entries if you are hitting the same nine digit number more than once).

- B. **Accrued Liabilities against Contract Requisitions (general ledger 0451 documents)**
Contract requisitions are contracts that do not have a specific vendor (Ex., DPA from bid).

Debit Entry T/C 455

Credit Entry T/C 465

The reference document is the contract number and suffix. The debit entries must match an existing contract and suffix on the document file. The credit entries should use the contract number as the reference document number but they must be unique suffixes for each entry against the same nine digit contract number (i.e., increment the suffix by one on your credit entries if you are hitting the same nine digit number more than once).

C. Accrued Liabilities against Purchase Orders (general ledger 0453 documents)

Purchase orders commit funds to purchase specific goods or services from a specific vendor at a specific price.

Debit Entry T/C 479

Credit Entry T/C 465

The reference document is the purchase order and suffix. The debit entries must match an existing purchase order document on the document file. The credit entries should use the purchase order number as the reference document number but they must be unique suffixes for each entry against the same seven digit purchase order number (i.e., increment the suffix by one on your credit entries if you are hitting the same seven digit number more than once).

D. Accrued Liabilities for Goods or Services for which a STARS encumbrance or contract has not been established (No General Ledger Account)

Examples of this type accrual are:

- Agencies exempt from TOPS
- Commodities exempt from TOPS
- OFST Purchase Orders

STARS Data Entry for Unencumbered Purchases (Also for OFST Orders)

Debit Entry T/C 460

Credit Entry T/C 465

The debit entries will not have a reference document. If the accrual is for an OFST purchase order, then use the OFST purchase order number as the reference document on the credit entries; otherwise, the credit entries should establish one reference document number per allotment code. The reference document number should be set up as follows: AL001, AL002, etc. (number consecutively within a department). Entries may be combined under one AL number as long as they have the same fund, allotment code, cost center and object code, and grant/sub grant. However, for exceptionally large programs that do not involve contracts, a separate accrued liability should be established.

5. **INSUFFICIENT ALLOTMENT AVAILABILITY**

Agencies having insufficient allotment availability to fund the expenditures related to accrued liabilities should obtain the approval of F & A Budget Division to exceed their allotment. If approval is not granted, a letter should be sent to Accounts giving the details of the liability and a statement that the allotment is insufficient to establish the liability.

6. **PROCEDURES FOR ACCRUED LIABILITIES**

- A. Accrued Liabilities are to be entered and printed on Department Reallocation Journal Voucher forms. The Batch Type on these items will be **"G"**. Manually typed JV's will be returned.
- B. Agencies should submit accrued liability journal vouchers to the Division of Accounts no later than July 24, 2006. There should be only one fund, one allotment code per journal voucher. (Please follow this closely.) If you can not meet this deadline, call the Division of Accounts.
- C. The current document number on these JV's should begin with the (5) five digit department/division code followed by any other digits an agency chooses to use. (Ex. 31705001-D or 30501-D, etc.) **Do not include more than one current document number per batch. This will expedite the journal voucher process.**
- D. Recording Expenditures and Accrued Liabilities at June 30 (See 4A-D for appropriate T/C's).
 - 1. Debit information must include allotment code, fund, cost center, grant/sub grant, object code, amount and reference document number (if applicable). **Be sure to use "D" in the current document suffix.**
 - 2. Credit information must include allotment code, fund, cost center, grant/sub grant, object code and Reference Document Number and amount. **Be sure to use "C" in current document suffix.**

3. Support should include a statement in the comments section: **To Establish Accrued Liabilities for Goods or Services Received by 6/30/06.** Please use the text screen in STARS (Screen 22) for the comments information. Letters are required explaining accrued liabilities with an "AL" document number or accrued liabilities with Colleges and Universities.

Letters for "AL" accrued liabilities should include the vendor name, the amount of the invoice being accrued, the reason the payment has not been made, and if applicable, why it was not entered into TOPS. The letters submitted pertaining to Colleges and Universities should contain the information outlined in section 7 below.

4. Authorized Paying Department Head and Budget Officer signatures are required for processing.
5. The state funding percentage must be typed or neatly and legibly handwritten (not keyed in the system), in the subsidiary account number field on the debit side of the JV. We will not process any accrued liability JV's without this information. (If information is not legible, it will be returned to the originating agency.) THIS IS THE PERCENTAGE OF STATE FUNDING FROM YOUR BUDGET.

NOTE: If the accrued liability is being funded through or from another state agency, this percentage should NOT include the portion (percentage) funded by the other state agency, AND, the denoted percentage should be circled (as an indication that interdepartmental revenue is involved in the funding of the accrued liability). Example: Agency X is establishing a \$1,000 accrued liability that is funded 50% through their budget and 50% by Agency Y. A state funding percentage of 50% should be noted and circled on the Agency X's accrued liability JV.

7. **ACCRUED LIABILITIES BETWEEN STATE AGENCIES - CONTRACTS**

Contracts between state agencies should be analyzed prior to June 30. If services have been rendered, then journal vouchers should be prepared by the billing agency and processed by the paying agency. If the contract is with a college or university, billings should be obtained and paid by July 10.

For Colleges and Universities, if unusual circumstances exist whereby payment cannot be made and accrued liabilities have to be established, a letter of support must be attached giving the following information:

- A. Contract number;
- B. Name of contracting state agency;
- C. Reason payment has not been made; and
- D. Assurance that amount owed or earned has been verified with receiving agency and the name of the individual contacted.

The amount of the accrued liability must be the actual cost, or a reasonably correct estimate of the good or services received.

8. **PAYMENTS AGAINST ACCRUED LIABILITIES**

Disbursement vouchers against accrued liabilities should use T/C 475. In some cases, if all paperwork is processed promptly, payments may be made against these accrued liabilities before July 31, 2006.

The use of TC 475 will result (following the processing of an automatically generated TC 530, 702 or 711 transaction) on cash expenditures being recorded to the grant file, and a net zero impact on budgetary expenditures, in the effective year of processing.

9. **REMINDERS**

- A. Accrued liability JV's are no longer sent to the Division of Budget. They should be sent directly to the Division of Accounts.
- B. The signatures of the Budget Officer and Department Head must be present. Otherwise, the JV will be returned to the generating department.
- C. An Accounts Receivable must be established for the federal portion of the accrued liability.
- D. For accrued liabilities which are to be funded from or through another state agency, see procedures on pages following.
- E. An Accrued Liability Checklist has been developed to aid in the preparation of Accrued Liability JV's. A copy of this checklist is included in this manual. It should be reproduced, completed and attached to each Accrued Liability JV submitted.
- F. This year, Accrued Liabilities will not roll over to fiscal year 07. They will remain fiscal year 06 and be paid as FY 06.

10. **REVERSAL OF ACCRUED LIABILITY BALANCES AT NEXT YEAR-END**

The State share of any remaining balance of a fund 11, 21 or 25 accrued liability at the close of the new FY will be reversed into revenue source 507 (refund of prior year expenditures); and, the federal share into revenue source 812 (refund of prior year federal expenditures). Unspent accrued liability balances of other funds will be liquidated by reducing expenditures.

ACCRUED LIABILITY CHECKLIST

THIS FORM SHOULD BE ATTACHED TO THE JOURNAL VOUCHER

1. IS THE JOURNAL VOUCHER SIGNED BY THE FISCAL OFFICER AND DEPARTMENT HEAD?
YES_____
2. IS THE STATE PERCENTAGE WRITTEN IN THE SUB ACCOUNT COLUMN? YES_____
3. IF THE REFERENCE DOCUMENT NUMBER IS DUPLICATED ON THE CREDIT SIDE, HAVE YOU INCREMENTED THE SUFFIX? YES_____
4. DOES THE CONTRACT OR ENCUMBRANCE ON THE FFY 06 OR PRIOR FFY DOCUMENT FILE HAVE ENOUGH MONEY TO COVER THE ACCRUAL? YES_____
5. HAS THE FOLLOWING STATEMENT BEEN INCLUDED IN THE COMMENTS SECTION (the journal voucher text screen, A22, should be used): TO ESTABLISH ACCRUED LIABILITIES FOR GOODS OR SERVICES RECEIVED BY 06/30/06. YES_____
6. DOES THE SUPPORT FOR ACCRUALS ON OBJECT CODES 099, AND 16X, INCLUDE THE TAG NUMBER, AS WELL AS, A SCREEN PRINT OF THE POST TRANSACTION 920 SCREEN?
YES_____
7. FOR ACCRUALS WITH COLLEGES AND UNIVERSITIES IS A LETTER ATTACHED WITH THE FOLLOWING INFORMATION:
 - A. CONTRACT NUMBER? YES_____
 - B. NAME OF CONTRACTING STATE AGENCY? YES_____
 - C. REASON PAYMENT HAS NOT BEEN MADE? YES_____
 - D. ASSURANCE THAT AMOUNT OWED OR EARNED AS OF JUNE 30 HAS BEEN VERIFIED WITH THE RECEIVING AGENCY AND THE NAME OF THE INDIVIDUAL CONTACTED? YES_____
8. FOR ACCRUALS WITH AN "AL" DOCUMENT NUMBER IS A LETTER ATTACHED WITH THE FOLLOWING INFORMATION:
 - A. VENDOR NAME? YES_____
 - B. AMOUNT OF THE INVOICE BEING ACCRUED? YES_____
 - C. REASON PAYMENT HAS NOT BEEN MADE? YES_____
 - D. IF APPLICABLE, WHY IT HAS NOT BEEN ENTERED INTO TOPS? YES_____
9. FOR OFST ORDERS DID YOU USE THE ORDER NUMBER TO SET UP THE ACCRUED LIABILITY?
YES_____
10. IF THE ACCRUED LIABILITY IS FUNDED BY ANOTHER STATE AGENCY:
 - (A) ARE APPROPRIATE JOURNAL VOUCHERS ATTACHED? YES_____
 - (B) HAS THE STATE FUNDING PERCENTAGE BEEN CIRCLED, AND DOES IT EXCLUDE THE PORTION (PERCENTAGE) FUNDED BY THE OTHER STATE AGENCY? YES_____

NAME OF PERSON COMPLETING CHECKLIST_____TELEPHONE #_____

CONTACT PERSON_____TELEPHONE #_____

ACCRUED LIABILITIES FUNDED BY OTHER STATE AGENCIES

The following procedures should be followed when one agency establishes an accrued liability which is to be funded through or from another state agency.

Interfund Receivables/Interfund Payables as well as Accrued Expenditures and Departmental Revenue will be recorded which will be the correct accounting for the budgetary and grant files.

Billing Agency

1. Establish the accrued liability according to the regular procedures for accrued liabilities.
2. Prepare the credit side of a "J" journal voucher for the amount to be funded from the other state agency by using TC 452, subsidiary account 0XX (see table following), FFY 05, revenue source 890, and an effective date of 6/30/06.

(This transaction will debit GL 0130 Interfund Receivables and credit GL 0550 Departmental Revenue. The Grant File will be updated as an increase to Other Receivables.)

3. Prepare the debit side of a "J" journal voucher in order to reverse the transaction in fiscal year 2007 by using TC 457, FFY 06, and an effective date of July 2006. All other transaction information should be the same as used in 2. above.

(This transaction will debit GL 0550 Departmental Revenue and credit GL 0130 Interfund Receivables. The Grant File will be updated as a decrease to Other Receivables.)

4. Attach a copy of both "J" journal vouchers to the accrued liability journal voucher as additional support.
5. Send both "J" journal vouchers to the paying agency with enough "support" or information for them to be able to complete their portions of the journal vouchers.
6. After the accrued liabilities have been paid in fiscal 2007, follow normal procedures to bill the other agency.

Paying Agency

1. Complete the debit side of the June "J" journal voucher by using TC 123, subsidiary account 0XX (see table following), FFY 06, and an effective date of 6/30/06.

(This transaction will debit GL 0500 Accrued Expenditures and credit GL 0260 Interfund Payables. The Grant File will be updated as an increase to Accrued Liabilities.)

2. Complete the credit side of the July reversal "J" journal voucher by using TC 125, FFY 07, and an effective date of July 2006. All other transaction information should be the same as used in 1. above.

(This transaction will debit GL 0260 Interfund Payables and will credit GL 0500 Accrued Expenditures. The Grant File will be updated as a decrease to Accrued Liabilities.)

3. Use regular procedures to establish any necessary Accounts Receivable at 6/30/06 to fund this accrued liability. Attach copies of the "J" journal vouchers as additional support.
4. Send the "J" journal vouchers together to Accounts for processing.

SUBSIDIARY TABLE

**GL 0130 INTERFUND RECEIVABLES
(For Billing Agency Use)**

<u>SUB</u>	
001	Due From General Fund (If Fund #11 is being used by the paying agency)
006	Due From Internal Service Fund (If Fund #12 or #84 is being used by the paying agency)
008	Due From Enterprise Fund (If Fund #13 is being used by the paying agency)
009	Due From Special Revenue Fund (If Fund #20 is being used by the paying agency)
010	Due From Highway Fund (If Fund #21 is being used by the paying agency)
030	Due From Education Trust Fund (If Fund #25 is being used by the paying agency)

NOTE: If the billing agency doesn't know what STARS Fund the paying agency will be using on their journal voucher, then the billing agency will need to call the paying agency to determine the correct sub. If the STARS Fund to be used is not listed above, call the Division of Accounts for assistance.

SUBSIDIARY TABLE

**GL 0260 INTERFUND PAYABLES
(For Paying Agency Use)**

<u>SUB</u>	
001	Due To General Fund (If Fund #11 is being used by billing agency)
002	Due to Internal Service Fund (If Fund #12 or #84 is being used by billing agency)
003	Due To Enterprise Fund (If Fund #13 is being used by billing agency)
004	Due To Special Revenue Fund (If Fund #20 is being used by billing agency)
005	Due To Highway Fund (If Fund #21 is being used by billing agency)
035	Due To Education Trust Fund (If Fund #25 is being used by billing agency)

Note: If the STARS Fund used by the billing agency is not listed above, call the Division of Accounts for assistance.

H, I AND J-TYPE JOURNAL VOUCHERS

The three major journal voucher types processed through the Pre-Audit Section are H, I and J-types. Please refer to the Year-End/Begin Schedule for specific fiscal year 2006 cut-off dates relative to the processing of these journal vouchers.

I. J-types

These are the most problematic because they are manually entered on the JV document then keyed in STARS. The JV is routed from the billing agency to the paying agency. When both agencies have manually completed the JV and keyed the transactions in STARS, it is then forwarded to F&A Accounts for processing.

F&A Policy Statement 18 delineates the current procedures involved in the processing of J-types for both the billing and paying departments. Policy 18 can be found in its entirety at <http://www.state.tn.us/finance/act/policy18.pdf>.

To ensure processing J-types within Policy 18 and year-end time lines, paying agencies should establish follow-up control procedures and contacts with known billing agencies; and billing agencies should establish follow-up control procedures and contacts with paying agencies.

Old J-types in a pending status on your STARS batch header listing should be reviewed and researched to determine the appropriate action to take.

II. H-Types

These are generally used to reallocate transactions within an agency and make specified types of corrections to previously recorded transactions.

Refer to the Journal Entries section of this manual for a discussion of what type of corrections can be processed on an H type JV.

H-type journal voucher comments and attached support must justify entries. Support is generally required with the exception of cost center reallocations within an allotment code, transfer of earned federal revenue from funds held in custody or deferred revenue accounts, allocations of, or correction of, agency objects, agency source codes, or grants.

III. I-types

Commonly known as front-end billing JV's, these are generally used when the billing agency enters both the billing and paying transactions. The I-JV batch is usually uploaded from another system to STARS. These JV's are not approved in advance by the paying agency, but are processed by Accounts and then sent to the appropriate agency for review.

The final I billings for the June closing have a short closing date in July. Get started early to meet the established cut-off dates.

If you are currently processing J-type journal vouchers that are repetitive in nature or you think they may be good candidates for the front-end billing process, contact the Division of Accounts. We may be able to help you set these up as I-type JV's next year, or, process them through Accounts' Centralized Journal Voucher process.

IV. Special Year-End Journal Vouchers

A. Sales Tax Journal Vouchers J-Type

The sales tax journal vouchers are unique because the paying agency initiates the JV by completing the debit side and then sending it to the Department of Revenue, along with the state sales tax return. These JV's are specific to those agencies that make sales to the public or individuals in a state institution.

These are two processes for recording the June state sales tax journal vouchers in STARS. The method used will depend upon the time the agency presents the sales tax JV and sales tax return to the Department of Revenue.

1. Sales Tax Journal Vouchers deliverable to the Department of Revenue by Noon, July 5, 2006

Enter a "J" type journal voucher in STARS as a reduction of revenue with a **6/30/06 effective date**.

- a. The **journal voucher** and **tax form** must be **received** in the Department of Revenue by **Noon, July 5, 2006**.

It is suggested these be **taken directly** to:

Ann Goodman

**Department of Revenue, Fiscal Services Division
1220 Andrew Jackson Building**

- b. If there is any doubt regarding the receipt by the Department of Revenue by July 5, 2006, then a copy of the journal voucher and the tax form may be faxed to:

Ann Goodman

Fax # 253-2295

Phone # 741-2034

If the JV is faxed, then the original must have a note attached stating that the journal voucher and tax form have already been faxed. The original journal voucher and tax form must still be delivered to Ann Goodman at the address in (a).

- c. The comments section of the JV must contain a note that it pertains to the payment of Sales Tax for the quarter April-June or for the month of June.
2. **Sales Tax Journal Vouchers that cannot be delivered to the Department of Revenue by July 5, 2006**
- a. Process a "H" type journal voucher with a **6/30/06 effective date**. Debit Departmental Revenue, source 880, (TC 027) and credit Deferred Revenue, TC 152, for the total of the tax payment. Comments should be "To establish deferred revenue for June 2006 sales tax". Route this JV to Accounts for processing.
 - b. Prepare and enter the debit side of a "J" type journal voucher with a **July 2006 effective date**. The debit should be to Deferred Revenue, TC 163. Comments should be: "Sales tax for June 2006". Deferred revenue established on H JV #_____ (Batch key). Route this JV, with the tax form, to the Department of Revenue.

B. Treasury Interest Journal Vouchers J-Type

Agencies should review their records for any needed billing to the Treasurer's Office for programs which earn interest.

Billing departments should submit journal vouchers to the Treasurer's office by **August 15, 2006** for any interest earned through **June 30, 2006**.

If your agency receives an I-type JV for interest, this does not apply.

C. State Payment Card Transactions Journal Vouchers I-Type

For the cycle ending in July 2006, the Division of Accounts will process two separate front-end I-type journal vouchers. The first journal voucher will process with a FY 2006 effective date and contain all activity that has a statement transaction date prior to July 1, 2006. The second journal voucher will process with FY 2007 effective date that will contain all activity that has a statement transaction date of July 1, 2006 forward.

JOURNAL ENTRIES
("E" TYPE TRANSACTIONS)

Adjusting journal entries, also referred to as Journal Entries, or simply "E" type transactions, are prepared in the Division of Accounts, to (1) correct previously recorded transaction errors, (2) record periodic adjustments to account balances, and (3) record unusual transactions not accommodated by the normal operating systems. Agencies are primarily concerned with the first type of journal entry. The second and third types normally originate in the Division of Accounts.

Transaction errors may be disclosed through automated system edits, processing reviews and reconciliation by agencies, daily balancing by Accounts, and analyses by management. Most transactional corrections are processed on journal entries; however, there are certain corrections that have been preapproved to be made on journal vouchers. These corrections are listed below:

A. Reallocation journal vouchers (H type) should be used in the following situations to make corrections instead of journal entries:

1. To correct cost centers.
2. To correct grants.
3. To correct projects.
4. To correct agency objects and agency sources.
5. For all situations, the third digit of the object code should be corrected on a H type journal voucher. The major object should also be changed on a H type journal voucher except for the following object codes:

01	Personal Services
02	Employee Benefits
16	Equipment
17	Land
18	Buildings
202	Improvements Other Than Building
6. In those cases where a revenue source is increased or decreased but the wrong transaction code is used and the only error is that the grant file posting is wrong. For example, transaction code 153 (debits cash, credits revenue) was used with source 890. The source is correct but transaction code 026 should have been used. The only difference in these two transaction codes is the way they post to the grant file. This may be corrected on a H type journal voucher. This is true also if transaction code 015 was used instead of transaction code 025. Another example is if TC 039 was used instead of TC 153.

- B. In certain situations a J type journal voucher should be used to make corrections if two departments are involved. For example, if one department overbills another department on a J type journal voucher, the correction will be made on a J type journal voucher. If one department records a deposit and then determines that the deposit belongs to another department, this correction can be made on a J type journal voucher. This does not apply to corrections between divisions in the same department.
- C. Other special circumstance corrections pre-approved by the Director of Statewide Accounting. If you are unsure about whether a correction should be done on a journal voucher or journal entry, please contact Ken Winter (741-2510) or Jennifer Pearson (741-9759).

Journal entry corrections are initiated by submitting a journal entry request form letter to Accounts (See following page). Only one document should be cited on a request. The person submitting the request must provide complete information on the origin of the erroneously recorded transaction: batch type, batch number, department, process date, effective date, sequence(s) affected and details of the transaction. The request must also indicate the corrected version of the transaction, as well as the reason for making the correction(s). An authorizing signature, appropriate contact person and phone number must be recorded on the request form. Any available supporting documentation should accompany the request. Requests written for a specific effective month must be received in Accounts within three working days of the month following. Agencies wishing to receive confirmation of processing should submit their request in duplicate. Accounts will notate the tracking number, the JE references and effective date and return the copy to the requestor.

Ideally, journal entry request letters will be processed within a week following receipt by the Division of Accounts General Ledger section. Delays may be caused by retrieval of records from archives, research on incomplete information, or clarification of improperly prepared requests. If the JE cannot be completed before a monthly processing cut-off date, the effective date will necessarily be deferred to the next processing month. In these cases, the General Ledger staff notifies the agency submitting the request of the delay and the reason it was incurred within a week after the month end closing reports are run.

Occasionally, Accounts will determine that a journal entry request should be declined. This may be due to the fact that the original transaction was processed correctly, the error was corrected by a previously processed request, the correction should be made by the agency on an "H" or "J" type JV, the requested correction has no significant effect on the accounting records, or the request was not adequately prepared or supported. Declined requests will be returned to the originator with a memo indicating the reason for rejection.

Journal entries originated in the Division of Accounts are commonly known as "in-house" journal entries. As a general rule, copies of these journal entries are automatically sent to any department or agency where accounts are directly affected by the transactions being recorded. Agencies may request copies of in-house JE's affecting their areas of responsibility. Contact Wanda Driggers (741-9796), Tracy Brown (532-9279) or Jennifer Pearson (741-9759) for assistance.

For year-end processing purposes, there are several important journal entry processing dates to be kept in mind. Refer to the Year-End/Begin Schedule contained in this manual. (The final date for the submission of any type of FFY 06 journal entry request is August 28, 2006.)

TO: GENERAL LEDGER
ATTN: KEN WINTER, DIRECTOR

JE NUMBER:
EFFECTIVE DATE:
SEQUENCE(S):
(ABOVE FOR F&A USE ONLY)

FROM: _____
(AUTHORIZED SIGNATURE REQUIRED)
DEPARTMENT OF

DATE: Fiscal month of correction_____

RE: JOURNAL ENTRY REQUEST

Batch header information

1. BATCH TYPE_____ BATCH NUMBER_____ DEPT/DIV_____
BATCH DATE__-__-__ EFFECTIVE MONTH__-__-__

Individual sequence(s) information

2. THE FOLLOWING TRANSACTION(S) PROCESSED INCORRECTLY:

	CURRENT	DEPT/				SUB NO./	OBJ/AGY	GRANT/SUB		
SEQ	DOCUMENT	DIV	TC	FD	FFY	REF DOC	SRC/AGY	CC	PROJ/SUB	AMOUNT

3. CORRECT INFORMATION FOR TRANSACTION(S):

	CURRENT	DEPT/				SUB NO./	OBJ/AGY	GRANT/SUB		
SEQ	DOCUMENT	DIV	TC	FD	FFY	REF DOC	SRC/AGY	CC	PROJ/SUB	AMOUNT

4. REASON FOR CHANGE:

5. PERSON TO CONTACT:

6. PHONE #:

**DEFERRED REVENUE AND AMOUNTS HELD IN CUSTODY FOR OTHERS
SUBSIDIARY GENERAL LEDGER ACCOUNT BALANCES**

To help ensure the integrity and propriety of funds being carried in the year-end balances of certain deferred and contingent revenue liability accounts, a "Year-End Validation of Subsidiary General Ledger Account Balances for GL 0250 Deferred Revenue and GL 0234 Amounts Held in Custody for Others" form is required to be completed by departments for each GL 0250 and GL 0234 subsidiary general ledger account for which they are responsible.

The form provides a description of the source, and nature or purpose, of the funds carried in the Deferred Revenue, and Contingent Revenue Fund (43) Amounts Held in Custody for Others, subsidiary general ledger accounts being reported on. It also requires the Budget/Fiscal Officer to certify, under his or her original signature, that the reported balance of the subsidiary general ledger account is accurate; agrees to STARS; and that it does not include any funds/amounts that should be considered earned by the State of Tennessee as of June 30.

The form itself is on the following page of this manual. Its completion is self explanatory, however, please keep the following points in mind:

- 1) A separate form is to be completed by departments for each GL 0250 and GL 0234 subsidiary general ledger account for which they are responsible (including accounts with a zero balance at June 30 that were utilized during the preceding fiscal year). The form can be copy machine reproduced as needed. If a facsimile of this form is reproduced in a word processing or spreadsheet application, and submitted in lieu of a reproduction of the form on the following page, it will be returned if it does not contain all necessary elements, including word for word certification.
- 2) The completion and submission of this form as of June 30, does not replace nor supplant the June Monthly Subsidiary General Ledger Account Reconciliation Worksheet. Both a year-end validation form, and a reconciliation worksheet, need to be submitted to the Division of Accounts, by the established due date, for all applicable subsidiary general ledger accounts.
- 3) The Budget/Fiscal Officer Certification portion of the form must contain the original signature of the Budget/Fiscal Officer when it is submitted to the Division of Accounts. Submitted forms signed by other than the Budget/Fiscal Officer, even if that signature is one of his or her authorized representatives, will be returned.
- 4) For fiscal year 2006 these forms are to be submitted to the Division of Accounts on or before September 13, 2006. They should be directed to the attention of Don Shelton.

**YEAR-END VALIDATION OF SUBSIDIARY GENERAL LEDGER ACCOUNT BALANCES FOR
GL 0250 DEFERRED REVENUE AND GL 0234 AMOUNTS HELD IN CUSTODY FOR OTHERS**

A separate form is to be completed for each subsidiary general ledger account

DEPT/DIV CODE: _____

GENERAL LEDGER ACCOUNT (check one):

☐ GL 0250 DEFERRED REVENUE

☐ GL 0234 CONTINGENT REVENUE FUND (43) AMOUNTS HELD IN CUSTODY FOR OTHERS

SUBSIDIARY GENERAL LEDGER ACCOUNT:

NUMBER: _____ TITLE: _____

JUNE 30, 2005 ENDING BALANCE: _____

>BRIEF DESCRIPTION OF THE SOURCE & NATURE/PURPOSE OF THE FUNDS CARRIED IN THIS SUBSIDIARY ACCOUNT<

SOURCE: _____

NATURE/PURPOSE: _____

(If necessary continue description on back of form)

>KNOWLEDGEABLE DEPARTMENT STAFF CONTACT<

NAME: _____

TELEPHONE NUMBER: _____

E-MAIL ADDRESS: _____

BUDGET/FISCAL OFFICER CERTIFICATION
--

The original signature of the Budget/Fiscal Officer is required.
Forms signed on his or her behalf, even by an authorized representative, will be returned.

As Budget/Fiscal Officer of the afore identified Dept/Div, that holds the accounting responsibilities for afore identified subsidiary general ledger account, I hereby certify that the above reported balance as of June 30, 2006, is accurate, true and correct; that it agrees with STARS; and, that it does not include any funds/amounts that should be considered earned by the State of Tennessee as of June 30, 2006.

Budget/Fiscal Officer Signature

Date

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND
SUPPLEMENTARY INFORMATION SCHEDULE**

I. General

All departments who receive federal assistance must prepare one or both of the following schedules for the year ended June 30, 2006:

- **Schedule of Expenditures of Federal Awards**
- **Supplementary Information Schedule**

The **Schedule of Expenditures of Federal Awards** contains only assistance that you receive directly from the federal government or through a third party other than another state agency. Note that federal assistance is not limited to cash assistance programs. It also includes non-financial assistance such as commodities, donated property, and loan guarantees.

The **Supplementary Information Schedule** contains only federal assistance that you receive from another state agency.

Both schedules are usually referred to as "grant activity schedules." Their structure and format are similar.

In general, it should be ensured that all transactions pertaining to the same grant are reported on a single line. The schedule should be reported by grant, not by allotment code.

II. Contents of Schedules

Schedule of Expenditures of Federal Awards - The information that is needed on this schedule is detailed below. For an example of this schedule with column references, see **Exhibit 1**.

- A. (Column A) - (Column Heading - R) - RESEARCH - This denotes if the federal assistance is a Research and Development (R&D) grant. If the assistance is for R&D, this column should contain an "R." Otherwise, leave the field blank. (R&D grants and contracts are awarded on the basis of research proposals submitted to federal agencies or pass-through entities. These are most common in the colleges and universities of the state. The federal agencies or pass-through entities will inform the recipient if the award is for R&D.)

Page 2
Schedule of Expenditures of Federal Awards
And Supplementary Information Schedule

NOTE - If "R" is appropriate in this column, it IS PREFERABLE to provide *an other identifying number* in Column U.

B. (Column C) - (Column Heading - C) - CASH - This denotes the type of assistance received. If the assistance is cash, this column should contain a "C." If the assistance is other than cash, this column should contain an "N."

C. (Column E) - (Column Heading - P) - PAYER - This denotes the source of federal assistance. In the usual case where the assistance is received directly from the federal government, this column should contain an "F." In instances where the assistance is received through some third party (a non-federal / pass-through entity), this column should contain a "T."

NOTE - If "T" is appropriate in this column, you MUST PROVIDE *an other identifying number* in Column U.

D. (Column G) - (Column Heading - L) - LOANS OR LOAN GUARANTEES - This denotes if the program involves loans or loan guarantees. If the program involves loans or loan guarantees, this column should contain an "L." Otherwise, leave the field blank.

E. (Column I) - (Column Heading - Grantor Name) - GRANTOR NAME - This is the federal agency or third party from which the grant or other assistance is received. DO NOT ABBREVIATE.

If the grantor agency listed in the grant agreement or contract is one of the sub-agencies shown in **Schedule A**, use the name of the controlling federal agency **exactly as listed in Schedule A** as the grantor name. (I.e., if the grant agreement shows the grantor as the Forest Service, list the grantor name as the Department of Agriculture; if the grant agreement shows the grantor as the Food and Drug Administration, list the grantor name as the Department of Health and Human Services). For grants received directly from the federal government, this column should contain the name of the controlling federal agency that corresponds with the number entered in Column Q. If the grantor is a third party, enter the **full official name** of the third party as the grantor name.

Schedule of Expenditures of Federal Awards
And Supplementary Information Schedule

F. (Column K) - (Column Heading - State Agency Name) - STATE AGENCY NAME - This is the name of the state agency to which the schedule relates, not the federal grantor. DO NOT ABBREVIATE or use "Department of..." in front of the agency's name (e.g., use Health, not Department of Health).

G. (Column M) - (Column Heading - Program Name) - PROGRAM NAME - This is the program title (not popular name) as listed in the Catalog of Federal Domestic Assistance. **Use all punctuation, abbreviation, and capitalization exactly as shown in the CFDA.** (See Section J below for location of the CFDA on the Internet.)

NOTE - If no CFDA number is available, the program name must **clearly describe** the federal award. The federal agency or pass-through entity is required to provide this information. **Normally, the pass-through agency name or award number would not be part of the program name.**

H. (Column O) - (Column Heading - Grant Period) - GRANT PERIOD - This is the beginning and ending dates of the grant or contract as specified by the grantor. "N.A." may be used in instances where there are no specific beginning and/or ending dates. Format as follows: month/day/year-month/day/year (i.e., 10/01/05-09/30/06). All months, days, and years should be shown as 2 digits.

I. (Column Q) - (Column Heading - Fed Agy) - FEDERAL AGENCY - This is the federal agency from which the assistance originates. Refer to **Schedule A** for a list of federal agencies. A number has been assigned to each of these federal agencies and that number is what belongs in this column. (I.e., if the assistance originated with the Department of Agriculture, this column should contain the number 10; and if the assistance originated with the Environmental Protection Agency, this column should contain the number 66.) For grants received directly from the federal government, this column will contain the number that corresponds to the grantor name shown in Column I. However, for assistance received from a third party, this column will contain the number of the federal agency from which the funds originated. If the originating federal agency for your grant is not found in **Schedule A**, call Sherita Woods at (615) 741-9756.

J. (Column S) - (Column Heading - CFDA #) - CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER - This is the CFDA number associated with the specific grant. The Catalog

Schedule of Expenditures of Federal Awards
And Supplementary Information Schedule

of Federal Domestic Assistance can be found on the Internet at <http://www.cfda.gov>. For federal assistance programs for which CFDA information is not available, "N.A." may be used. (NOTE: The non-availability of a CFDA number is relatively uncommon and its unavailability should be verified through discussion with the granting agency before "N.A." is used.) Even if "N.A." is used in this column, you MUST PROVIDE the originating federal agency's name in Column I.

NOTE - If "N.A." is verified as appropriate for the CFDA #, you MUST PROVIDE an other identifying number in Column U.

- K. (Column U) - (Column Heading - Other Identifying #) - OTHER IDENTIFYING NUMBER - This is the specific award number assigned by the federal awarding agency or pass-through entity. **This is not an internally assigned number.** "N.A." may be used in instances where no such number exists.

NOTE - You MUST PROVIDE an other identifying number if: (1) the grant is received through some third party (a non-federal / pass-through entity) - "T" is entered in Column E, or (2) no CFDA number is provided - "N.A." is entered in Column S. An other identifying number IS PREFERABLE if the grant is a Research and Development grant - "R" is entered in Column A.

- L. (Column W) - (Column Heading - Cash Disbursements / Issues) - CASH DISBURSEMENTS / ISSUES - This is the actual cash disbursements made or fair market cash value of non-cash assistance used during state fiscal year 2006. (See OMB Circular A-133 for the rules for reporting and valuing loans and loan guarantees.) Note that this column does not include accrued liabilities established at June 30, 2006. It does, however, include payments made during FY 06 of accrued liabilities established prior to July 1, 2005. The amount shown in this column should be reduced by any program income and by refunds of prior year expenditures received during FY 06.

Supplementary Information Schedule - The information that is needed on this schedule is detailed below. For an example of this schedule with column references, see **Exhibit 2**.

Schedule of Expenditures of Federal Awards
And Supplementary Information Schedule

- A. (Column A) - (Column Heading - State Grantor Agency Name) - STATE GRANTOR AGENCY NAME - This is the name of the state grantor agency from which you received federal assistance.
- B. (Column C) - (Column Heading - Program Name) - PROGRAM NAME - This is the program title (not popular name) listed in the Catalog of Federal Domestic Assistance. (See Section D below for the location of the CFDA on the Internet.)
- C. (Column E) - (Column Heading - Contract Period) - CONTRACT PERIOD - This is the beginning and ending dates of the grant or contract as specified by the state grantor. "N.A." may be used in instances where there are no specific beginning and/or ending dates. Format as follows: month/day/year-month/day/year (i.e., 10/01/05-09/30/06). All months, days, and years should be shown as 2 digits.
- D. (Column G) - (Column Heading - CFDA #) - CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER - This is the CFDA number associated with the specific grant. The Catalog of Federal Domestic Assistance can be found on the Internet at <http://www.cfda.gov>. For federal assistance programs for which CFDA information is not available, "N.A." may be used. (NOTE: The non-availability of a CFDA number is relatively uncommon and its unavailability should be verified through discussion with the granting agency before "N.A." is used.)
- E. (Column I) - (Column Heading - Contract #) - CONTRACT NUMBER - This is the interdepartmental contract number for federal grants received through another state agency.
- F. (Column K) - (Column Heading - Cash Disbursements / Issues) - CASH DISBURSEMENTS / ISSUES - This is the actual cash disbursements made or fair market cash value of non-cash assistance used during state fiscal year 2006. Note that this column does not include accrued liabilities established at June 30, 2006. It does, however, include payments made during FY 06 of accrued liabilities established prior to July 1, 2005. The amount shown in this column should be reduced by any program income and by refunds of prior year expenditures received during FY 06.

Schedule of Expenditures of Federal Awards
And Supplementary Information Schedule

III. Reconciliation of Grant Activity Schedules

A. Schedules Prepared Using the STARS Schedule of Grant Activity Report (830)

All state departments, agencies, boards, and commissions who in accordance with Policy 20 must utilize the STARS Schedule of Grant Activity Report (830) as a basis for preparing their grant activity schedule(s) need to submit in support of their schedule(s) the STARS 830 Report.
Any reconciling items are to be clearly documented.

B. Schedules Prepared Not Using the STARS Schedule of Grant Activity Report (830)

All state departments, agencies, boards, commissions, and component units whose grant activity schedule(s) are not required to be prepared using the STARS Schedule of Grant Activity Report (830) must submit as support for their schedule(s) a reconciliation between disbursements per the schedule and recorded expenditures in their general accounting records. This should be done at a grant level if possible.

C. In any instances where disbursements per the schedule(s) do not agree with federal financial reports, reconciliation must also be submitted.

IV. Format of Grant Activity Schedules

Pre-formatted EXCEL spreadsheets have been designed for use in preparing the grant activity schedules. Access to the current year pre-formatted EXCEL spreadsheets is available via e-mail or diskette. Contact Sherita Woods via e-mail at Sherita.Woods@state.tn.us or by phone at (615) 741-9756 to make your request. **ALL GRANT ACTIVITY SCHEDULES FOR FY 06 MUST BE PREPARED USING THE CURRENT YEAR PRE-FORMATTED EXCEL SPREADSHEETS.** If you should have problems using the pre-formatted spreadsheets, contact Division of Accounts so that we may work with you toward an agreeable solution.

V. Tips for Completion of the Grant Activity Schedules

- **Complete schedule header** with all requested information.
Schedule of Expenditures of Federal Awards - enter in Column K. If you have multiple DUNS numbers enter them on the appropriate line in Column K separated by commas.
Supplementary Information Schedule - enter in Column C.

Schedule of Expenditures of Federal Awards
And Supplementary Information Schedule

- **Single-space** all grant information on the schedules. **Schedule of Expenditures of Federal Awards** - begin entering information on Line 24. **Supplementary Information Schedule** - begin entering information on Line 16.
- **Font size is 7.5; font style is Times New Roman. All columns are formatted as text except for Cash Disbursements / Issues that is formatted as accounting, two decimal places, and no symbol.**
- Enter the **CFDA # exactly** as it is in the catalog including the point (e.g., 84.063, **NOT** 84063).
- **DO NOT** enter information using all caps (e.g., Universities Space Research Association, **NOT** UNIVERSITIES SPACE RESEARCH ASSOCIATION).
- Enter the **complete program name** even if it is longer than the column width.
- Enter **Cash Disbursements / Issues** that have been rounded to two decimal places; allocating grants may cause amounts that are carried out to more than two decimal places.
- **Total Cash Disbursements / Issues** at the bottom of the schedule. A formula must be typed in; the sum key cannot be used.

VI. Checklist

The checklist is used to help ensure that all grant activity schedules are completed per instructions. For a copy of the FY 06 checklist, see **Exhibit 3. The checklist must be completed and submitted along with the paper copy of the schedule and any necessary support.**

VII. Submission of Grant Activity Schedules to the Division of Accounts

Please submit only one **Schedule of Expenditures of Federal Awards** and one **Supplementary Information Schedule** per department. These schedules are **due** in Division of Accounts by **September 18, 2006**. Submit the schedules via **e-mail** or **diskette** along with a **paper copy**. (Any necessary support needs only to be in paper copy form.)

When submitting the grant activity schedules via **e-mail**, send to Sherita Woods at Sherita.Woods@state.tn.us. The **same day** that the schedules are sent via e-mail, send the paper copies of the schedules along with the required paper copy support (including checklist) to:

Schedule of Expenditures of Federal Awards
And Supplementary Information Schedule

Department of Finance and Administration
Division of Accounts, Reporting Section
ATTN: Sherita Woods
14th Floor, W R Snodgrass TN Tower
312 Eighth Avenue North
Nashville, TN 37243-0298

When submitting the grant activity schedules via **diskette**, send the diskette along with the paper copies of the schedules and the required paper copy support (including checklist) to the above address.

When it is discovered that a **revision** is necessary to a grant activity schedule (whether the discovery is made by the department or by State Audit), call and notify Division of Accounts immediately. **Revised schedules** need to be submitted to the Division of Accounts. The revised schedules should be marked "**REVISED**" and show the **revision date**. **Highlight all changes and additions on a copy of the revised schedule being submitted; highlight any deletions on a copy of the previously submitted schedule.**

Direct any questions regarding these procedures to:

Sherita Woods - (615) 741-9756 OR
Sherita.Woods@state.tn.us

OR

Nancy Check - (615) 741-9739 OR
Nancy.Check@state.tn.us

COLUMN REFERENCE

A	C	E	G	I	K	M	O	Q	S	U	W
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EXAMPLE OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Agency Name: Austin Peay State University
 IRS Assigned EIN for Agency: 62-0646576
 Dun & Bradstreet DUNS Number for Agency: 878095819
 Included Technology Center Name:
 IRS Assigned EIN for Technology Center:
 Dun & Bradstreet DUNS Number for Technology Center:
 Included Technology Center Name:
 IRS Assigned EIN for Technology Center:
 Dun & Bradstreet DUNS Number for Technology Center:
 Included Technology Center Name:
 IRS Assigned EIN for Technology Center:
 Dun & Bradstreet DUNS Number for Technology Center:
 Contact Person: Beth Chancellor
 Email Address: Chancellororb@apsu.edu
 Telephone Number: (931) 221-7673
 Date Submitted: September 18, 2006
 Original or Revised: Original

<u>R</u>	<u>C</u>	<u>P</u>	<u>L</u>	<u>Grantor Name</u>	<u>State Agency Name</u>	<u>Program Name</u>	<u>Grant Period</u>	<u>Fed Agy</u>	<u>CFDA #</u>	<u>Other Identifying #</u>	<u>Cash Disbursements / Issues</u>
R	C	F		Department of Commerce	Austin Peay State University	Measurement and Engineering Research and Standards	05/24/04-08/13/04	11	11.609	70NANB4H1019	2,200.00
R	C	F		Department of the Interior	Austin Peay State University	American Battlefield Protection	08/04/03-12/31/05	15	15.926	H5028030006	2,746.18
R	C	T		Vanderbilt University	Austin Peay State University	Aerospace Education Services Program	02/01/01-01/31/05	43	43.001	15766-S1	9,148.75
R	C	F		National Science Foundation	Austin Peay State University	Education and Human Resources	11/15/03-12/31/05	47	47.076	C-04-0196	7,030.96
	C	F		Department of Education	Austin Peay State University	Federal Supplemental Educational Opportunity Grants	07/01/04-06/30/05	84	84.007	P007A043852	317,622.24
	C	F		Department of Education	Austin Peay State University	Higher Education Institutional Aid	10/01/03-12/30/05	84	84.031	P031A030616	10,519.72
	C	F	L	Department of Education	Austin Peay State University	Federal Family Education Loans	07/01/04-06/30/05	84	84.032	N.A.	29,052,406.03
	C	F		Department of Education	Austin Peay State University	Federal Work-Study Program	07/01/04-06/30/05	84	84.033	P033A043852	307,617.91
	C	F	L	Department of Education	Austin Peay State University	Federal Perkins Loan Program Federal Capital Contributions	07/01/04-06/30/05	84	84.038	P038A043852	24,033.00
	C	F		Department of Education	Austin Peay State University	TRIO_Student Support Services	09/01/02-08/31/03	84	84.042	P042A010454-02	9,173.44
	C	F		Department of Education	Austin Peay State University	TRIO_Student Support Services	09/01/03-08/31/04	84	84.042	P042A010454-03	57,878.43
	C	F		Department of Education	Austin Peay State University	TRIO_Student Support Services	09/01/04-08/31/05	84	84.042	P042A010454-04	186,134.74
	C	F		Department of Education	Austin Peay State University	TRIO_Upward Bound	09/01/01-08/31/02	84	84.047	P047A90663-01	52.50
	C	F		Department of Education	Austin Peay State University	TRIO_Upward Bound	09/01/02-08/31/03	84	84.047	P047A90663-02	1,417.60
	C	F		Department of Education	Austin Peay State University	TRIO_Upward Bound	09/01/03-08/31/04	84	84.047	P047A030025-03	89,454.27
	C	F		Department of Education	Austin Peay State University	TRIO_Upward Bound	09/01/04-08/31/05	84	84.047	P047A030025-04	256,290.63
	C	F		Department of Education	Austin Peay State University	TRIO_Upward Bound	09/01/02-08/31/03	84	84.047	P047A90757-02	4,406.41
	C	F		Department of Education	Austin Peay State University	TRIO_Upward Bound	09/01/03-08/31/04	84	84.047	P047A90757-03	68,431.28
	C	F		Department of Education	Austin Peay State University	TRIO_Upward Bound	09/01/04-08/31/05	84	84.047	P047A90757-04	250,495.26
	C	F		Department of Education	Austin Peay State University	TRIO_Upward Bound	09/01/02-08/31/03	84	84.047	P047A90488-02	55.00
	C	F		Department of Education	Austin Peay State University	TRIO_Upward Bound	09/01/03-08/31/04	84	84.047	P047A031055-03	77,080.55
	C	F		Department of Education	Austin Peay State University	TRIO_Upward Bound	09/01/04-08/31/05	84	84.047	P047A031055-04	143,928.08
	C	F		Department of Education	Austin Peay State University	Federal Pell Grant Program	07/01/01-06/30/02	84	84.063	P063P011572	1,078.40
	C	F		Department of Education	Austin Peay State University	Federal Pell Grant Program	07/01/02-06/30/03	84	84.063	P063P022217	1,444.00
	C	F		Department of Education	Austin Peay State University	Federal Pell Grant Program	07/01/03-06/30/04	84	84.063	P063P032217	5,707.75
	C	F		Department of Education	Austin Peay State University	Federal Pell Grant Program	07/01/04-06/30/05	84	84.063	P063P042217	9,571,009.97
	C	F		Department of Education	Austin Peay State University	TRIO_Educational Opportunity Centers	09/01/02-08/31/03	84	84.066	P066A020085-02	1,134.00
	C	F		Department of Education	Austin Peay State University	TRIO_Educational Opportunity Centers	09/01/03-08/31/04	84	84.066	P066A020085-03	74,380.55
	C	F		Department of Education	Austin Peay State University	TRIO_Educational Opportunity Centers	09/01/04-08/31/05	84	84.066	P066A020085-04	297,786.71
	C	F		Department of Education	Austin Peay State University	Child Care Access Means Parents in School	09/16/02-09/15/06	84	84.335	P335A020127	73,749.52
											40,904,413.88

COLUMN REFERENCE

A

C

E

G

I

K

EXAMPLE OF SUPPLEMENTARY INFORMATION SCHEDULE

**Supplementary Information Schedule
For the Year Ended June 30, 2006**

Agency Name: Austin Peay State University
Included Technology Center Name:
Included Technology Center Name:
Included Technology Center Name:
Contact Person: Beth Chancellor
Email Address: Chancellorb@apsu.edu
Telephone Number: (931) 221-7673
Date Submitted: September 18, 2006
Original or Revised: Original

<u>State Grantor Agency Name</u>	<u>Program Name</u>	<u>Contract Period</u>	<u>CFDA #</u>	<u>Contract #</u>	<u>Cash Disbursements / Issues</u>
Human Services	Child and Adult Care Food Program	10/01/99-09/30/05	10.558	DA-0400069-00	23,828.11
Human Services	Summer Food Service Program for Children	05/01/04-09/30/04	10.559	30-058 (2004)	4,956.21
Human Services	Summer Food Service Program for Children	05/01/04-09/30/04	10.559	30-069 (2004)	3,547.00
Human Services	Summer Food Service Program for Children	05/01/05-09/30/05	10.559	30-077 (2005)	1,968.16
Human Services	Summer Food Service Program for Children	05/01/05-09/30/05	10.559	30-058 (2005)	(1,270.48)
Human Services	Summer Food Service Program for Children	05/01/05-09/30/05	10.559	30-069 (2005)	(334.32)
Agriculture	Cooperative Forestry Assistance	08/01/99-09/30/00	10.664	GR-00-12667-00	581.45
Tennessee Board of Regents	Small Business Development Center	01/01/04-12/31/04	59.037	03-603001-Z-0045-20.	10,906.72
Tennessee Board of Regents	Small Business Development Center	01/01/05-12/31/05	59.037	4-603001-Z-0045-21	17,229.05
Environment and Conservation	State Public Water System Supervision	08/01/04-07/31/05	66.432	Z-02-008761-00	5,278.33
Environment and Conservation	State Public Water System Supervision	08/01/04-06/30/06	66.432	ED-05-01587-00	8,710.62
Agriculture	Nonpoint Source Implementation Grants	01/01/02-12/31/05	66.460	Z-01-004422-00	6,021.44
Agriculture	Nonpoint Source Implementation Grants	02/01/98-01/31/02	66.460	ID-98-06718-00	3,725.30
Agriculture	Nonpoint Source Implementation Grants	10/16/04-09/30/05	66.460	ED-05-01715-00	72,030.22
Agriculture	Nonpoint Source Implementation Grants	07/01/04-12/31/05	66.460	C-05-0037	1,372.40
Human Services	Rehabilitation Services_Vocational Rehabilitation Grants to States	07/01/03-06/30/04	84.126	ED-01-00253-03	919.77
Human Services	Rehabilitation Services_Vocational Rehabilitation Grants to States	07/01/04-06/30/05	84.126	ED-01-00253-04	25,718.39
Education	Teacher Quality Enhancement Grants	08/01/02-06/30/03	84.336	ED-03-01084-00	1,359.80
Tennessee State University	Child Care and Development Block Grant	07/01/03-06/30/04	93.575	C-03-0389	67,961.76
Tennessee State University	Child Care and Development Block Grant	07/01/04-06/30/05	93.575	C-04-0435	145,969.18
Middle Tennessee State University	Foster Care_Title IV-E	10/01/04-06/30/05	93.658	C-05-0166	87,071.57
Education	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spr	07/01/03-11/30/03	93.938	ED-04-01298-00	301.72
Education	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spr	09/01/04-02/28/05	93.938	ED-05-01690-00	7,800.28

FY 06 CHECKLIST
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Data copied to the preformatted EXCEL spreadsheet was formatted appropriately prior to copying. Yes____ N/A____
2. An "R" has been indicated for all Research & Development Grants. Yes____ N/A____
3. A "T" has been indicated for all pass-thru agencies. Yes____ N/A____
4. An "L" has been indicated for all programs that involve loans or loan guarantees. Yes____ N/A____
5. Grantor name agrees EXACTLY to controlling federal agency name, if direct federal dollars. Yes____
6. Third party name(s) are complete and have been verified. Yes____ N/A____
7. State Agency Name does not include "Department of". Yes____
8. Program name agrees EXACTLY to CFDA catalog, including wording, capitalization, and punctuation. If no CFDA number, program name clearly describes the federal award. Yes____
9. Grant period dates are formatted appropriately (e.g. 10/01/05-09/30/06). Yes____
10. Federal Agency number agrees to the first two digits of CFDA Number. Yes____
11. CFDA number appears in CFDA catalog, or historical index. (Otherwise use "N.A."). (Note: Verify with grantor or Division of Accounts before using "N.A."). Yes____
12. All grants received through some third party (a non-federal / pass-through entity) or grants where no CFDA number is provided have an other identifying number. Yes____ N/A____
13. Disbursements/Issues amounts are equal to the STARS Schedule of Grant Activity Report (830) or to recorded disbursements in the general accounting records, and, to federal financial reports. (If not, reconciliations have been completed and attached.) Yes____
14. All amounts entered have been rounded to two decimal places. Yes____
15. The STARS 830 Report and/or required reconciliations are attached to the Schedule. Yes____

SUBMIT THIS CHECKLIST ALONG WITH THE PAPER COPY OF THE SCHEDULE AND ANY NECESSARY SUPPORT TO DIVISION OF ACCOUNTS.

FOR USE IN PREPARING FY 06 SCHEDULES

FEDERAL AGENCY NUMBER (Use in Column Q)	CONTROLLING FEDERAL AGENCY (Use in Column I when Grantor is a Federal Agency)	SUB-AGENCIES
01 (Not in CFDA)	African Development Foundation	
04 (Not in CFDA)	Inter-American Foundation	
07 (Not in CFDA)	Office of National Drug Control Policy	
08 (Not in CFDA)	Peace Corps	
09 (Not in CFDA)	Legal Services Corporation	
10	Department of Agriculture	Agricultural Marketing Service Agricultural Research Service Animal and Plant Health Inspection Service Cooperative State Research, Education, and Extension Service Economic Research Service Farm Service Agency Food and Nutrition Service Food Safety and Inspection Service Foreign Agricultural Service Forest Service National Agricultural Statistics Service National Sheep Industry Improvement Center Natural Resources Conservation Service Risk Management Agency Rural Business-Cooperative Service Commodity Credit Corporation Rural Development
11	Department of Commerce (Continued on next page)	Bureau of the Census Economics and Statistics Administration International Trade Administration Bureau of Export Administration Economic Development Administration National Oceanic and Atmospheric Administration

FOR USE IN PREPARING FY 06 SCHEDULES

FEDERAL AGENCY NUMBER <small>(Use in Column Q)</small>	CONTROLLING FEDERAL AGENCY <small>(Use in Column I when Grantor is a Federal Agency)</small>	SUB-AGENCIES
11	Department of Commerce (Continued)	National Telecommunications and Information Administration National Institute for Standards and Technology National Technical Information Service Office of the Secretary Minority Business Development Agency
12	Department of Defense	Defense Logistics Agency Department of the Army, Office of the Chief of Engineers Department of the Army, Aviation Applied Technology Directorate Department of the Navy, Office of the Chief of Naval Research National Guard Bureau U.S. Army Medical Command U.S. Army Materiel Command Office of the Assistant Secretary (Strategy and Requirements) Office of Economic Adjustment Office of the Secretary of Defense Secretaries of Military Departments Department of the Air Force, Materiel Command National Security Agency Advanced Research Projects Agency
13 <small>(Not in CFDA)</small>	Central Intelligence Agency	
14	Department of Housing and Urban Development	Office of Housing-Federal Housing Commissioner Office of Community Planning and Development Office of Fair Housing and Equal Opportunity Office of Policy Development and Research Office of Public and Indian Housing Office of Healthy Homes and Lead Hazard Control
15	Department of the Interior (Continued on next page)	Bureau of Indian Affairs Bureau of Land Management Office of Surface Mining Reclamation and Enforcement Bureau of Reclamation Fish and Wildlife Service Geological Survey

FOR USE IN PREPARING FY 06 SCHEDULES

FEDERAL AGENCY NUMBER	CONTROLLING FEDERAL AGENCY	SUB-AGENCIES
(Use in Column Q)	(Use in Column I when Grantor is a Federal Agency)	
15	Department of the Interior (Continued)	Indian Arts and Crafts Board Office of Territorial and International Affairs National Park Service
16	Department of Justice	Drug Enforcement Administration Civil Rights Division Community Relations Service Federal Bureau of Investigation Office of Juvenile Justice and Delinquency Prevention Bureau of Justice Statistics National Institute of Justice Bureau of Justice Assistance Office of Victims of Crime Drug Court Program Office Corrections Program Office Violence Against Women Office Executive Office for Weed and Seed Bureau of Prisons Office of Community Oriented Policing Services Office of the Police Corps and Law Enforcement Education
17	Department of Labor	Bureau of Labor Statistics Office of Labor-Management Standards Employee Benefits Security Administration Employment and Training Administration Employment Standards Administration Occupational Safety and Health Administration Mine Safety and Health Administration Office of the Secretary, Women's Bureau Office of the Assistant Secretary for Veterans' Employment and Training Office of Disability Employment Policy
19	Department of State (Continued on next page)	Bureau of Oceans and International Environmental and Scientific Affairs

FOR USE IN PREPARING FY 06 SCHEDULES

FEDERAL AGENCY NUMBER (Use in Column Q)	CONTROLLING FEDERAL AGENCY (Use in Column I when Grantor is a Federal Agency)	SUB-AGENCIES
19	Department of State (Continued)	Bureau of Intelligence and Research Bureau of Educational and Cultural Affairs Bureau of Near Eastern Affairs Bureau of Population, Refugees, and Migration
20	Department of Transportation	Federal Aviation Administration Federal Highway Administration Federal Railroad Administration Federal Transit Administration National Highway Traffic Safety Administration Research and Special Programs Administration Maritime Administration Office of the Secretary Federal Motor Carrier Safety
21	Department of the Treasury	Internal Revenue Service Under Secretary for Domestic Finance
23	Appalachian Regional Commission	
27	Office of Personnel Management	
29	Commission on Civil Rights	
30	Equal Employment Opportunity Commission	
32	Federal Communications Commission	
33	Federal Maritime Commission	
34	Federal Mediation and Conciliation Service	
36	Federal Trade Commission	

FOR USE IN PREPARING FY 06 SCHEDULES

FEDERAL AGENCY NUMBER (Use in Column Q)	CONTROLLING FEDERAL AGENCY (Use in Column I when Grantor is a Federal Agency)	SUB-AGENCIES
39	General Services Administration	
40	Government Printing Office	
42	Library of Congress	
43	National Aeronautics and Space Administration	
44	National Credit Union Administration	
45	National Endowment for the Arts (45.024 - 45.025) National Endowment for the Humanities (45.129 - 45.168) Federal Council on the Arts and the Humanities (45.201) Institute of Museum and Library Services (45.301 - 45.313)	
46	National Labor Relations Board	
47	National Science Foundation	
53	President's Committee on Employment of the Persons with Disabilities	
57	Railroad Retirement Board	
58	Securities and Exchange Commission	
59	Small Business Administration	
61 (Not in CFDA)	International Trade Commission	

FOR USE IN PREPARING FY 06 SCHEDULES

FEDERAL AGENCY NUMBER (Use in Column Q)	CONTROLLING FEDERAL AGENCY (Use in Column I when Grantor is a Federal Agency)	SUB-AGENCIES
62 (Not in CFDA)	Tennessee Valley Authority	
64	Department of Veterans Affairs	Veterans Health Administration Veterans Benefits Administration National Cemetery System
66	Environmental Protection Agency	Office of Air and Radiation Office of Water Office of Research and Development Office of Administration Office of Enforcement and Compliance Assurance Office of Environmental Justice Office of Solid Waste and Emergency Response Office of Prevention, Pesticides and Toxic Substances Office of Federal Activities Office of Environmental Education
68	National Gallery of Art	
70	Overseas Private Investment Corporation	
77 (Not in CFDA)	Nuclear Regulatory Commission	
78	Commodity Futures Trading Commission	
81	Department of Energy	
83 (Not in CFDA)	Federal Emergency Management Agency	
84	Department of Education (Continued on next page)	Office of Vocational and Adult Education Office of Human Resources and Administration Office of Bilingual Education and Minority Languages Affairs Office of Special Education and Rehabilitative Services Office of Elementary and Secondary Education Office of Student Financial Assistance Programs

FOR USE IN PREPARING FY 06 SCHEDULES

FEDERAL AGENCY NUMBER	CONTROLLING FEDERAL AGENCY	SUB-AGENCIES
(Use in Column Q)	(Use in Column I when Grantor is a Federal Agency)	
84	Department of Education (Continued)	Office of Educational Research and Improvement Office of Postsecondary Education Office of English Language Acquisition
85	Harry S. Truman Scholarship Foundation (85.001) Christopher Columbus Fellowship Foundation (85.100) Barry Goldwater Scholarship and Excellence in Education Foundation (85.200) Woodrow Wilson International Center for Scholars (85.300) Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation (85.400 - 85.402) James Madison Memorial Fellowship Foundation (85.500) Smithsonian Institute Fellowship Foundation (85.601)	
86	Pension Benefit Guaranty Corporation	
87 (Not in CFDA)	Consumer Product Safety Commission	
88	Architectural and Transportation Barriers Compliance Board	
89	National Archives and Records Administration	
90	Denali Commission (90.100) (Continued on next page)	

FOR USE IN PREPARING FY 06 SCHEDULES

FEDERAL AGENCY NUMBER	CONTROLLING FEDERAL AGENCY	SUB-AGENCIES
(Use in Column Q)	(Use in Column I when Grantor is a Federal Agency)	
90	(Continued) Delta Regional Authority (90.200 - 90.202) Japan US Friendship Commission (90.300) Elections Assistance Commission (90.400)	
91	United States Institute of Peace	
92 (Not in CFDA)	National Council on Disability	
93	Department of Health and Human Services	Office of the Secretary Office of Minority Health President's Council on Physical Fitness and Sports Office of Disease Prevention and Health Promotion Agency for Health Care Policy and Research Office of Population Affairs Administration on Aging Administration for Children and Families Centers for Medicare and Medicaid Services Food and Drug Administration Centers for Disease Control Health Resources and Services Administration Indian Health Service Substance Abuse and Mental Health Services Administration National Institutes of Health Agency for Toxic Substances and Disease Registry
94	Corporation for National and Community Service	
96	Social Security Administration	

FOR USE IN PREPARING FY 06 SCHEDULES

FEDERAL AGENCY NUMBER (Use in Column Q)	CONTROLLING FEDERAL AGENCY (Use in Column I when Grantor is a Federal Agency)	SUB-AGENCIES
97	Department of Homeland Security	
98	United States Agency for International Development	
100 (Not in CFDA)	Corporation for Public Broadcasting	
101 (Not in CFDA)	State Justice Institute	



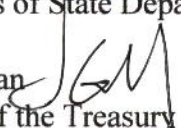
**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF STATE AUDIT**

**SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0264
PHONE (615) 401-7897
FAX (615) 532-2765**

June 5, 2006

MEMORANDUM

TO: Fiscal Officers of State Departments, Agencies, and Institutions

FROM: John G. Morgan 
Comptroller of the Treasury

SUBJECT: Closing of 2006 Fiscal Year

In connection with the closing of the current year, certain procedures are to be performed by personnel of your office.

1. A complete inventory of supplies and items for resale should be made if possible during the period June 12 through July 7, 2006. Written procedures should be prepared detailing steps to be followed during the taking of the inventory. Suggested general procedures are attached to this memorandum. However, your procedures should be tailored to your specific needs. A copy of your instructions and procedures for taking inventory should be submitted to the Division of State Audit, Suite 1500, James K. Polk State Office Building no later than June 12, 2006. Additionally, advise us of the date or dates you plan to take the inventory.
2. Obtain bank statements and canceled checks for all departmental bank accounts as of June 30, 2006, and prepare a bank reconciliation statement for each account. It may be necessary to request the bank to prepare a statement as of June 30, 2006.

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3. Send a copy of all federal audit reports received during the year ended June 30, 2006, regardless of the period covered, on any phase of your operations. A copy of such reports should be sent as you receive them. If they have not been sent at this time, please send immediately. If a report is not sent, a certification must be sent so as to arrive no later than July 7, 2006, indicating that no Federal audit reports have been received on any phase of your financial operations or of any program operations. Also, when federal and other auditors notify the agency an audit or survey is planned, agency personnel must immediately notify the Division of State Audit.
4. In accordance with Section 4-3-304(7), *Tennessee Code Annotated*, the internal audit effort in each state department, agency, or institution is required to be coordinated with the Office of the Comptroller of the Treasury. In order that we may carry out this coordination effort, we request that your internal auditor submit a list of all internal audits and investigations that are currently in progress as well as copies of all completed reports that were issued during the past year that have not already been filed with this office. In addition, your internal auditor should submit a copy of the annual audit plan for the year ended June 30, 2007, to this office not later than July 7, 2006.

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Attachment

Suggested Procedures for Taking Physical Inventory For the Year Ended June 30, 2006

1. Inventories should be scheduled to begin no earlier than Monday, June 12, 2006, and end no later than Friday, July 7, 2006.
2. An inventory plan should be prepared including specific instructions for taking inventory, a map of the area, persons assigned for counting and checking, etc. Copies of these instructions should be given to all personnel involved in the count. These instructions should be explained to all individuals involved in the counts.
3. All storage areas should be prepared for inventory. Like items should be grouped together and unlike items segregated. Inventory should be arranged in a neat, orderly fashion. This should be completed before the date the count is to begin. The direction of the count should be predetermined. For example, the count on shelves will be top to bottom and left to right. (Departments responsible for measuring gas and/or oil tanks should be alert to worn or broken dipsticks, and replace these prior to the inventory date.)
4. Persons responsible for receiving and shipping documents should provide the business office with a listing of the numbers on the last five receiving and shipping documents issued prior to cutoff.
5. During the count, absolutely no movement of materials or merchandise should be permitted. Any items received after cutoff for inventory should be placed in a separate area and recorded as received subsequent to the completion of the inventory.
6. The inventory should be taken using either unique prenumbered tags or numbered count sheets. The tags or sheets should be assigned to specific individuals and accounted for in sequence when the inventory is completed.
7. If prenumbered tags are used, they should be arranged in the area in as close a numerical sequence as is possible. If count sheets are used, the counting should be done and recorded in the sequence that items are stored on the shelves, etc.
8. The tags or sheets should be filled out in their entirety. The unit of measurement should be specified (gallons, pounds, dozen, each) in order to properly price the completed inventory. If an item is old or unusable, a notation should be made on the card or sheet indicating that the material is not usable. Even unusable items must be counted.
9. The inventory should be double checked by another person as to quantities after the original count is made. The count should be initialed by both the original counter and the checker.

10. When the inventory is completed, the tags and sheets should be accounted for numerically before an area is released. The final inventory should be signed by the person in charge.
11. Inventories of items for sale should be priced both at cost and at selling price.
12. A detailed list of adjustments to the perpetual inventory as a result of the count should be prepared.
13. Count sheets, tags and other documents used in the inventory count should be kept in agency records.

If you have any questions or problems in regard to the inventory instructions or procedures for your agency, department, or institution, please contact the audit manager in the Division of State Audit responsible for your area.